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ABSTRACT

This self-paced, individualized instructional guide is designed for use by those who are currently working in a convenience store or by those who wish to learn the basics of convenience store marketing and operations. Addressed in the individual units of the guide are the following topics: today's convenience store, regular duties and responsibilities of workers, selling and customer relations, characteristics of convenience store customers, checkout operations for cash transactions, checkout operations involving cashing checks, personal and store security, stockkeeping and merchandising functions, vendor-supplied stockkeeping and merchandising, inventory control, progression toward managerial and supervisory duties, and ownership and operation of a convenience store. Each unit contains some or all of the following: unit objectives, a glossary of terms, instructional text, notes, questions, and suggested projects. Answers to the questions can be found in the appended "Convenience Store Operations Answer Book." (MN)

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Convenience Store Operations

By

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Preface

This is designed as self-paced, individualized instruction for those who are currently working in a convenience store, or for those who want to learn about convenience store marketing and operations. Like other publications of this nature, it is competency-based. The essential elements or competencies needed to enter employment and advance to supervisory and management positions have been listed as a guideline for learning. These essential elements have been defined by leading convenience store firms as well as the Education Committee of the National Association of Convenience Stores.

Self-paced individualized instruction follows a pattern to make learning easier and comprehensive. Units are arranged in a logical order of information—from an introduction to the type of marketing through the successive stages of duties and responsibilities required. Each unit has specific objectives to be mastered, followed by unique marketing terminology and definitions. The narrative gives the essential content information, followed by study questions keyed to the objectives and a project that requires application of the competencies to the actual work station or place of employment.

While the basic design is for individualized instruction, it may also be used for group instruction. It may be used to supplement company training programs in a wide variety of settings and applications. The accompanying answer book gives the answers to all study questions and the few merchandising problems presented in one unit.

Every effort has been made to produce a publication that addresses the unique needs of our current student population. Students with limited English proficiency (LEP) as well as handicapped, educationally disadvantaged, and nontraditional students may require modification of the material in this publication. The professional staff of EIMC will gladly work with any instructor having these students to show how the instructional material can be adapted for specific individualized instruction. Consult local, state, and federal agencies that offer assistance and guidance and that can provide sound recommendations for productive classroom management.

Robert R. Luter
Curriculum Specialist

Acknowledgments

A publication of this type must be based upon factual information that reflects the real world of convenience store marketing. There is no theory here. While individual companies and stores will vary their products and methods, the essential elements remain the same. The largest portion of facts and merchandising information were provided by the Reference Center Library of the National Association of Convenience Stores. We are indebted to this association and the generous and cooperative spirit of Richard J. Levin, CAE, Director of Education for NACS.

On-site visits to stores were provided through the cooperation of F. L. Stephens, President, Town & Country Food Stores, San Angelo, Texas; and Peter Cohen, District Manager, The Southland Corporation, Austin, Texas.

Validation of technical accuracy of the contents was provided by:

- Richard J. Levin, Director of Education, National Association of Convenience Stores, Falls Church, Virginia
- F. L. Stephens, President, Town & Country Food Stores, Inc., San Angelo, Texas
- Peter Cohen, District Manager, Southland Corporation, Austin, Texas
- Jim Yates, President, E-Z Mart Stores, Inc., Texarkana, Texas

This Center is grateful for the enthusiasm and dedication of each of these persons for their time, effort, and generosity in support of this project.

Essential Competencies

to Be Mastered for
Convenience Store Employment

The purpose of this and all similar instruction is to help you master the essential competencies of entry-level employment in a convenience store. To be competent means that you have the necessary **knowledge, skills,** and desirable **attitudes** that each task requires. Listed below are the essential competencies by category. Most are found in this publication; the remainder are found in your core curriculum studies and on-the-job training.

Basic and Social Skills

- Use verbal communication with customers, supervisors, and fellow workers.
- Use proper grammar, and know the definitions and meanings of common trade terminology.
- Use the telephone in a businesslike manner and in accordance with company policy.
- Greet customers in a pleasant and enthusiastic manner.
- Learn customer names quickly, and use them when talking with customers in the store.
- Listen to and follow instructions from your supervisor and/or manager.
- Read all publications given to you by supervisors; read those trade publications made available to you for information.
- Keep confidential company information to yourself.
- Use the proper method in making suggestions to management for improvement in store operation.
- Use good customer relations in dealing with all store customers and vendors.
- Use responsible behavior in your association with customers, supervisors, and fellow workers.
- Maintain personal appearance, hygiene, and grooming standards that are in keeping with store and community standards.
- Practice honesty and integrity in all relations and actions with customers, supervisors, and fellow workers.
- Demonstrate initiative in performance of all work chores and assigned duties.
- Interpret company policies to customers in such a way that they are informed rather than angered.
- Follow company policies in all matters of handling money, issuing credit vouchers, keeping records, and recording data.
- Use the appropriate mathematics in performance of duties and responsibilities.
- Use recommended cashiering techniques in all cash, check, and credit transactions.
- Use accurate arithmetic in making stock counts, reordering of merchandise, and taking of inventory.

Merchandising Skills

- Maintain shelves, counters, and cold cases at their maximum level of merchandise.
- Rotate stock at each refill so that oldest stock on hand is moved out first.
- Clean shelves and merchandise constantly so that the stock has a fresh, clean appearance.
- Make periodic stock counts on basic reorder form that assures maximum stock on hand.

- Use judgment in reordering so that there is no overstock of items.
- Make certain that each item in stock has only its assigned number of shelf-facings.
- Demonstrate skill in calculating stockturns and the relationship of stock turnover to profits.
- Demonstrate skill in calculating space contribution that each item makes to determine its profitability.
- Maintain good vendor relations with the store-delivered suppliers of merchandise.
- Show judgment in vendor relations so that there is no opportunity for dishonesty or falsifying of records.
- Assure that all merchandise delivered by vendors is accurate in count and price.
- Assure that vendors follow recommended store rules on delivery and stocking of merchandise.
- Assure that all outdated merchandise is picked up for credit or exchange.
- Maintain all vendor relations on a high degree of business integrity.

Selling Skills

- Demonstrate knowledge of customer relations by practicing them during the workday.
- Greet each customer as he or she enters the store, or approaches the checkout stand.
- Use customers' names each time they enter the store.
- Demonstrate skill in learning customers' names.
- Demonstrate knowledge of the importance of giving fast, accurate, and dependable service to each customer in the store.
- Make appropriate suggestions of additional merchandise or services to increase the original sale.
- Demonstrate proficiency in handling service transactions such as selling money orders, accepting utility payments, or making credit card sales.
- Demonstrate proficiency in handling food stamp purchases and giving change or credit vouchers in accordance with federal regulations.
- Demonstrate proficiency in handling coupons, rebate checks, and similar credit transactions.

Physical Distribution Skills

- Demonstrate skill in receiving and checking an incoming order.
- Show proficiency in filing an over, short, or damaged goods claim.
- Follow store rules on recording damaged items from stock for salvage or trash.
- Show proficiency on proper methods of cutting cartons so that items inside remain undamaged.
- Show proficiency in cutting cartons so they may be used as tray packs when needed.
- Demonstrate knowledge in using price-making equipment so correct prices are affixed to items.
- Change prices in accordance with store rules.
- Make certain that all items on shelf have same prices.
- Know how to read cost codes and date codes on merchandise.
- Clean and dust all shelves, counters, gondolas, and cold cases.
- Demonstrate proficiency in gauging gasoline tanks and making reports on ledger sheets.
- Receive gasoline deliveries from vendor, following procedures required by store.
- Check pumps daily; take pump readings; record readings on ledgers.
- Maintain gasoline and pump island equipment as required by store.

Promotion Skills

- Maintain all price signs and promotional signs so that they are current.
- Hang signs and keep them straight, in their proper place, and clean and fresh-looking.
- Set up point-of-sale displays when and where needed.
- Maintain all displays with full stocks and with the proper kinds of signs.
- Post newspaper or direct promotional ads so that all personnel can be advised of specials and special prices.
- Make sure that customers are advised of special promotions and of products or services being promoted.

Supervisory/Management Skills

- Inspect physical premises daily to ensure that all preventive devices and techniques are being used.
- Follow store's recommended procedures to prevent burglary, armed robbery, and shoplifting.
- Maintain close surveillance so that employee dishonesty is discouraged.
- Use store policy in making deposits of cash and checks so that register balance is kept at minimal levels.
- Make certain that employees trusted to make deposits at banks know the security measures to use.
- Train employees adequately and thoroughly in procedures to follow to ensure their own safety and the safety of customers in the event of armed robbery.
- Train employees adequately in handling shoplifting suspects.
- Demonstrate judgment in interviewing and selecting prospective employees.
- Demonstrate proficiency in screening and following through on applicant's personal and work-related histories.
- Show proficiency in training employees by giving instruction in accordance with accepted rules.
- Schedule employees by shifts so that proper coverage is maintained during peak traffic periods.
- Train employees in basic housekeeping, stockkeeping, cashiering, and merchandising duties.
- Oversee entire store operation so that all company rules and procedures are being followed.

Economic Concepts

- Demonstrate knowledge in the principles of private enterprise and how marketing provides Americans with a high standard of living.
- Demonstrate knowledge of the principle of risk-taking and profits.
- Demonstrate knowledge of the necessity of making a reasonable profit to maintain a business operation and jobs for employees.
- Demonstrate the knowledge of how inventory and sales are used to make a profit and give the owner a return on investment.
- Explain the place of entrepreneurship in American business.
- Relate the advantages and dangers involved in private business ownership and operation.
- Show knowledge of basic entrepreneurship by stating the types of information needed in order to make ownership decisions.
- Demonstrate basic knowledge of ownership by preparing a model profit-and-loss or operating statement.

Marketing Skills

- Show knowledge of convenience stores by telling what they sell and how they fulfill a marketing need.
- Demonstrate marketing knowledge by telling what kinds of needs customers find in a convenience store.
- Show understanding of basic marketing by telling what a market survey should show before opening a convenience store.
- Give a brief profile of convenience store customers by age, sex, income level, and reasons for shopping in a convenience store.
- Make a brief comparison of customer needs as served by a supermarket in contrast to a convenience store.

1

Today's Convenience Store

Objectives: *When you have completed this unit, you should be able to—*

1. *describe a convenience store as to what it sells and how it meets a marketing need;*
2. *name at least three advantages a C-store has over a supermarket;*
3. *tell why customers like to shop in a C-store;*
4. *explain why a convenience store can adapt to changing market conditions more quickly than a supermarket; and*
5. *compare your own store's operations with those of the national average.*

Terms to Know

convenience—providing ease, fast service, and products or services that are readily available when wanted and needed.

impulse items—products that are purchased on sight; items that are seldom planned for or shopped for. Impulse items are usually located near the checkout stand where they are easily seen by the customer.

gross profit—also known as markup, or margin, it is the difference between income or sales and the cost of goods. The gross profit must be large enough to cover all expenses of operation and leave a small amount of net profit.

delicatessen—a department that specializes in prepared foods, meats, salads, and specialty products for consumption on premises or elsewhere; also known as **deli.**

periodical—any dated reading matter such as a magazine or newspaper that is issued on a regular basis.

microwave oven—an appliance that provides fast heat and cooking time without conventional heat. The microwave oven uses radio waves to vibrate the molecules in food so they produce their own heat internally and cook in a very short time. Microwave ovens are used to quickly heat sandwiches, snack food, beverages, and pastries.

video game—any electronic device that uses a video screen similar to a television screen and that has moving objects that can be controlled by means of levers or buttons by the operators.

automated bank teller machines—machines that dispense money or accept deposits without the aid of a human teller. These machines are operated with a plastic card that has an imbedded magnetic field, and the operator has a personal identification code to actuate the machine.

entrepreneur (AHN tray pre noor)—any individual who owns and operates a business enterprise for profit.

Nature of Convenience Stores

How much do you know about convenience stores? Before beginning a study of this fascinating area of food marketing, test yourself by mentally answering the following questions:

1. In 1982, about ____________ convenience stores were operating in the United States.
   a. 18,000
   b. 1 million
   c. 38,000
   d. 180,000
2. The average sale made in a convenience store is about $ ____________.
   a. $5
   b. $20
   c. $10
   d. $2
3. The average size of a convenience store is about ______ square feet.
   a. 1,000
   b. 500
   c. 2,500
   d. 250
4. Of all the food sales made by retailers in this country in 1982, convenience stores had about ______ percent of those sales.
   a. 20%
   b. 5%
   c. 10%
   d. 25%
5. Of all the people who shop in convenience stores, the majority of customers are—
   a. adult males
   b. adult females
   c. teenagers
   d. children

The answers will most likely surprise you. Convenience stores in America are a fairly recent marketing entity, but they are growing stronger in size and sales each year. In 1982, there were 38,700 convenience stores operating in the United States. The average sale per customer is only $2.25, so you can get some idea of the word "convenience." Customers usually come in to buy only one or two items. They occasionally buy at least one additional item on impulse or because they see it.

The size of convenience stores is surprising to most people. The average store measures 60 by 40 feet, or about 2,400 square feet of selling space inside. The average store stocks about 3,025 items. About **half** of the convenience stores in operation sell gasoline. Almost all of the new stores sell gasoline.

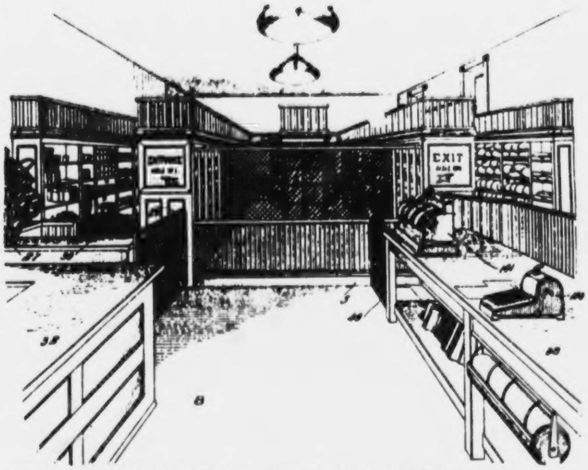
Even though the total sales of all convenience stores in 1982 was over $25 billion, that was only **6 percent** of the combined retail food sales that year. The average store unit has sales of only $490,000 annually, and serves about 175,000 customers during that year. So convenience stores as single operating units are really small business enterprises.

While supermarkets customers are largely made up of adult females, the majority of convenience store customers are young adult males between 25 and 34. Most shop alone, travel less than one mile from home to the store, and about half shop in a convenience store daily. Now, you are beginning to get a picture of how different the convenience store is from a regular retail food store or supermarket. It is a totally different concept of marketing and merchandising. It is a totally different kind of operation, and the product mix is a fascinating study within itself.

What is a convenience store?

The industry refers to convenience stores as **C-stores**, and that is the term we will use in this manual. Basically, a C-store is a small, self-service food store that sells a variety of small, most-wanted, most-needed food or food-related products. C-stores have only been a significant marketing entity since the 1950s, but the original idea for one can be traced to Clarence Saunders, the founder of the Piggly-Wiggly chain, who patented the idea in 1917. Figure 1 shows the way he visualized a fast-service market where customers could enter easily, shop for items quickly, make their own selection, and check out with a central cashier. This was a radical departure from the usual food or corner grocery store of that day. All items were behind the counter. The customer had to tell the clerk what she or he wanted—one item at a time until the full shopping list was completed. Saunders' idea was to make shopping quick, easy, and convenient, as well as to streamline the entire retail operation and reduce the number of employees required to give personal, individualized service. The first true convenience store was started by the Southland Ice Company, the beginning of today's 7-11 Stores.

The C-store of today is characterized by much the same need. The average food store customer still prefers to buy most of the weekly food items at a supermarket, but there are some drawbacks to that. For



reproduction of Clarence Saunders' Original 1917 Patent drawings for a Self Service Store

Figure 1

example, in the large supermarket, the customer is usually not known to employees and is seldom greeted or spoken to except at the checkout stand. Parking is available, but the customer may have to part at a distance from the front entrance, and in bad weather this is a problem. It is not convenient to go to a supermarket when you only need two or three items. Customers spend the greatest amount of time waiting to check out their purchases in a supermarket.

The C-store is popular because it solves many of those problems. First, the C-store is a neighborhood store--usually within a few blocks of the customer's home. Second, customers are usually known by name and are greeted when they walk into the store. Third, parking is easy-in and easy-out, usually near the front door. Fourth, C-stores are open when many other stores are closed, and they carry the most-wanted items that create a need to go to the food store in the first place. Also, about half the C-stores have gasoline pumps, so it is fast and convenient to fill the car with gas while shopping. In addition, since many have fast foods and beverages, the C-store is also a snack bar and fast food restaurant.

What do C-stores sell?

While each C-store unit has its own particular list of items for sale, nearly all can be identified by the types and kinds of products sold. Product lines are as follows, ranked in order of dollar sales, but excluding gasoline sales.

1. Tobacco products
2. Beer, wine, liquor
3. Soft drinks
4. Dry groceries (canned, boxed, packaged items)
5. Milk, dairy products
6. Nonfood items (except health and beauty aids)
7. Candy/confectionery items
8. Health and beauty aids
9. Food items other than groceries
10. Baked goods/pastries
11. Snack foods
12. Fast food/prepared foods
13. Periodicals/magazines
14. Packaged meats/deli items

Few C-stores sell fresh meats or produce. Of those that sell gasoline, dollar income from gasoline sales is about half of the total amount.

Nonfood items vary greatly from store to store, but most will have ready-to-use bagged ice, school supplies, household hardware, baby needs, food and beverage containers, and auto supplies. Some will carry limited lines of lawn and garden supplies during the season, or will vary seasonal items to meet the demand of the community.

C-stores also sell services that may or may not be available in local supermarkets. On a nationwide basis, C-stores may offer—

- Microwave ovens for heating fast foods
- Money orders
- Check cashing
- Fountain drinks
- 24-hour operation
- Prepared foods such as sandwiches and deli items
- Film processing
- On-premise bakery
- Fried chicken
- Video games
- Automated bank teller machines
- Ice, snack, and soft drink vending machines outside the store

Why do customers shop in convenience stores?

One thing that most people know about C-stores is that prices are slightly higher than those in supermarkets, and C-stores usually don't run specials and large ads as supermarkets do. How can C-stores operate profitably and compete with supermarkets?

The big attraction of C-stores is (1) fast service, (2) convenient locations and hours of operation, (3) most-wanted items always available, (4) courtesy and friendliness of employees, and (5) ease of parking and exit.

The biggest dissatisfaction with C-stores is related to higher prices, limited food selections, and lack of fresh meat and produce. However, when you compare prices on individual items with those in supermarkets, they are not nearly as high as most people think. The main reason for higher prices is not the "convenience and longer hours" as many people think, but because C-stores do not have the volume of sales that supermarkets do. Neither do C-stores make large profits as some may imagine. All figures indicate that in 1982 the average gross margin or markup for C-stores was about 30 percent, and net profit before taxes averaged only a little better than for supermarkets.

What are the advantages of the C-store business?

Like any other marketing enterprise, C-stores are looking for good employees. In the retail business, there is probably more potential for entrepreneurship—individual ownership—than in any other kind of business. Although most C-stores are chain stores and are corporate-owned, many of them are individually owned and operated. Yet even in the chain stores, there is plenty of opportunity for fast advancement to managership.

The C-store business has shown a fairly steady growth from year to year. Numbers of stores in operation continue to increase, and sales volume continues to increase. Little by little, C-stores are getting a greater share of the market in retail food and gasoline sales. They have become an accepted neighborhood necessity that is always open and available when needed. For those who want to consider the C-store as a place for individual ownership and operation, figures show that, on the average, a store in an urban area can be opened for less than $500,000, and a store in a rural area for less than $300,000. It is an ideal small business investment that has enough profit and growth potential to make it attractive.

A Unique Marketing Concept

How did C-stores come about? As in all areas of marketing, a business becomes a success only if there is a need. C-stores would not be growing in numbers and sales each year if there were no demand for them and what they sell. The C-store concept came about with the move to the suburbs in the 1950s. Larger populations in the suburbs needed stores that were close by, open late and on holidays, and that stocked food and beverage items needed daily.

The suburban population was highly mobile. Every family or household unit had at least one automobile, and most of them had two. In the north and east, the dairy stores were popular, and it was easy for them to convert to C-stores. In the south, ice stations were popular, and it was easy for them to convert to C-stores. In more recent times, petroleum marketers and service stations have gone into the C-store business to remain competitive and keep sales volume high. Almost half of all C-stores now sell gasoline, and many have auto supplies to meet the needs of their customers.

The addition of video games to C-stores has made them a popular spot with younger customers. While youngsters go in to play games on the machines, they also buy snacks, prepared foods, beverages, and other impulse items. C-stores are popular with workers in the area who need a place for a fast lunch. The easy parking, quick service, and variety of foods available have increased the sales volume for many stores during lunch hours and break times. Many stores have a coffee/chocolate bar that attracts workers to and from their places of employment. Every convenience feature or service that brings customers inside has the potential to sell additional items that were not planned for.

In the late 1960s and early 1970s, C-stores started installing self-service gasoline pumps. They were an immediate success and began to cut into the conventional service station's gasoline sales. When the world oil shortage in 1973 forced gasoline prices to go well over $1.00 a gallon, service stations were forced to go self-service in order to compete with C-stores. Even though gasoline prices have stabilized, C-stores have become a major retail marketer. When the customer stops to pick up milk, bread, and soft drinks, he or she can gas up the car without making an extra stop.

The unique thing about C-stores is that they are quick to change to meet customers wants and needs. Supermarkets are more conventional in operation, and it takes more time and expense for them to make major marketing changes. C-stores, on the other hand, because of their small size, smaller inventories, and merchandising flexibility, can make changes almost overnight. Unprofitable lines can be quickly dropped and more profitable merchandise added. Labor costs are much lower, and customers expect total self-service on nearly every purchase.

In some smaller communities, C-stores can become the hub of a small shopping center that includes self-service laundry/dry cleaning stations, appliance service centers, photo processing, and community message centers. Some become bill-paying stations and cash checks, sell money orders, or have a postal service window. A C-store remains a convenience store as long as it carries limited product lines, is self-service in nature, has long hours of store operation, and includes some services in addition to sales.

Notes

Figures and statistics used in this unit were taken from "1983 State of the Convenience Store Industry," National Association of Convenience Stores, Falls Church, Virginia, 1983; and "12th Annual Report of the Convenience Store Industry" (reprint), C-Store Business, McLean Hunter Media, Inc., New York, New York, 1982.

Questions

1. In a sentence, describe a convenience store.
2. In 1982 there were about ____________ convenience stores operating in the United States. The average sale per customer amounted to only $ __________, and the average store sells only about $ __________ annually to customers. The average store has about __________ square feet of selling space, and about half of the stores sell ___________ as an added convenience to motorists. The average shopper in a convenience store is a/an ____________, aged 25 to 34.
3. What advantages does a C-store have over a supermarket?
4. Give five reasons why customers like to shop in C-stores.
5. If a customer asked you why C-store prices are higher than those in supermarkets, what could you answer?
6. Why is a C-store an ideal small business investment for an entrepreneur?
7. How can C-stores meet changing customers needs in a community?

Projects

1. Using the Yellow Pages section of your local telephone directory, count how many convenience stores are listed and how many different companies are represented. From your Chamber of Commerce census figures, show the population of the community, and then figure how many customers per store unit there are.

2. Describe the C-store where you work. How does it differ from the average one described in the text? Of the product lines and services listed, how many of these are found in your store? Is your store part of a corporate chain? If so, how many other units are in your local community? Show the average figures to your owner or manager. Ask how your local store unit measures up to those averages.

2

Regular Duties and Responsibilities of Workers

Objectives: *When you have completed this unit, you should be able to—*

1. *state the specific dress and grooming requirements for employees in the C-store where you work;*
2. *describe the routine cleaning duties of employees both inside and outside the store;*
3. *list the specific areas and equipment in the store that need constant cleaning and maintenance;*
4. *prepare a list of daily duties a beginning employee has in the store where you work;*
5. *list specific cleaning and maintenance duties where gasoline is sold;*
6. *describe the proper procedure for checking, gauging, recording, and receiving gasoline deliveries;*
7. *list the safety precautions needed around gasoline pumps; and*
8. *explain the sanitation procedures for rest rooms.*

Terms to Know

integrity—the quality of observing a firm standard of morals and honesty; basic honesty in all areas of life.

hospitable (hos PIT uh bull)—inviting, friendly atmosphere that makes one feel welcome to enter.

unsalable—the quality or appearance of damage, dirt, or lack of freshness that makes an item unfit for sale.

Cleanliness and Maintenance

In addition to convenience, longer hours of operation, and easy parking, customers expect other things from a C-store. The store must be clean, and the service must be friendly, courteous, and efficient.

A C-store is basically a food store. The presence of food demands cleanliness. People will not shop in a cluttered, dirty, messy store. This means that each shift has to give full-time attention to store cleanliness and to constant maintenance and cleaning of the area immediately outside the store.

1. **Your own person must be clean.** Store employees must have a clean, acceptable appearance. Many stores either furnish a uniform or require a certain standard of dress. Male employees usually have a uniform shirt, and female employees have a uniform smock or blouse. These should be clean, freshly laundered, and changed daily.

Personal appearance standards may vary slightly from store to store and company to company. However, the minimum standards acceptable are a daily bath, deodorant use daily, clean underwear and socks daily, and a hairstyle in keeping with the usual community standards for retail food store employees. Shoes should be clean and comfortable to stand and work in for long periods of time.

Your face, arms, and hands are the most important as far as customers' judgments are concerned. Customers make instinctive judgments about you and your store on the basis of your personal appearance. The customer's opinion of your efficiency is affected by your personal image to the customer. For example, if you are unkempt in your appearance, the customer may not trust your honesty and integrity at the checkout register. If you are dirty, your store and its contents are suspect in the customer's mind. A person who takes pride in his or her appearance will also take pride in the store's appearance. The two go together in the judgment of the customer. Personal image and store image are extremely important.

2. **Store exterior must be clean.** The nature of a C-store is fast in-and-out operation. Cars constantly pull in and out of the drive area. Many people are careless and will thoughtlessly throw papers, wrappers, cartons, cigarette packages, and food and beverage containers on the drive areas and immediate surroundings. Even if trash receptacles are placed out front for convenience, a lot of trash never gets in them. Outside maintenance and cleaning is a constant chore that must be attended to.

On windy days, trash and litter blows in from surrounding areas. Dirt and dust accumulate on windows and build up in corners and alongside gutters and sidewalks. In addition to constant sweeping and picking up of litter and trash, the entire drive area, front entrance, front windows, and walk areas must be regularly swept or hosed down. Windows need at least a weekly cleaning with water and a squeegee.

Signs and banners soil quickly after exposure to sun, wind, and dirt. Keep signs clean, neatly arranged, and fresh in appearance (fig. 1). Old outdated signs left hanging askew, or showing dirt, sun-fading, and spider webs are distasteful. Keep only current signs posted. When a promotion is over, or a price sign is no longer valid, get rid of the signs and banners. When window signs and banners are put up, keep them orderly and neatly arranged—not going in all directions. If a particular theme is being displayed, keep all signs and banners current with the theme.

The effectiveness of a C-store is a bright, clean exterior appearance. Keep painted areas clean and fresh. When paint begins to peel, crack, or soil, repaint the area. Some stores paint their curbs to give a clean, spotless appearance. If this is done, then they must be kept clean and painted often to keep their fresh appearance.

The front entrance to a C-store is particularly important. It must look like the store is open for business. The appearance must say, "Welcome. Come in." Much time and attention is given in the planning stage to make a store attractive and inviting (fig. 2). However, it must have constant cleaning and attention to keep it that way. If merchandise is displayed outside, it should never block or hamper a customer's easy entrance into the store. The customer should not have to enter through a maze of vending machines, boxes, barrels, or litter bins. Keep entrance areas clean and uncluttered. The store interior should be well lighted and show clearly through the windows. This makes it even more friendly and hospitable to the customer.

3. **Store interior must be clean.** When the customer enters the store, he or she must be able to "see" everything at once. Unlike a supermarket, the customer does not get a shopping basket and begin going up and down aisles. The customer is in a hurry, wants one or two items, and wants to find these quickly without spending a lot of time looking. Therefore, interior arrangement and cleanliness is essential to repeat business and maintaining good customer relations.

First, aisles must be kept clear of boxes, cartons, paper, or any merchandise that would get in the way of customers walking down the aisles. Counters and shelves need constant maintenance to make sure that merchandise is neatly arranged, as well as constant cleaning and dusting. A periodic cleaning with soap and water, or cleaning with a damp rag, will preserve the freshness and cleanliness of the store. Never let dust or dirt build up on tops of boxes, cans, or packaged goods. The entire stock of merchandise needs daily inspection, straightening, and cleaning.

Second, all areas and equipment where prepared foods, fast foods, or fountain drinks are dispensed need constant cleaning (fig. 3). Self-service has one major drawback—people are generally careless and messy with food and beverages. The inside of the microwave oven needs constant inspection and cleaning up of spills and spatters. Pick up and discard trash, litter, and packaging materials. Empty the trash barrels and receptacles as needed during the day.

Countertops where food and beverages are dispensed must have constant cleaning. Watch for empty coffee pots being placed

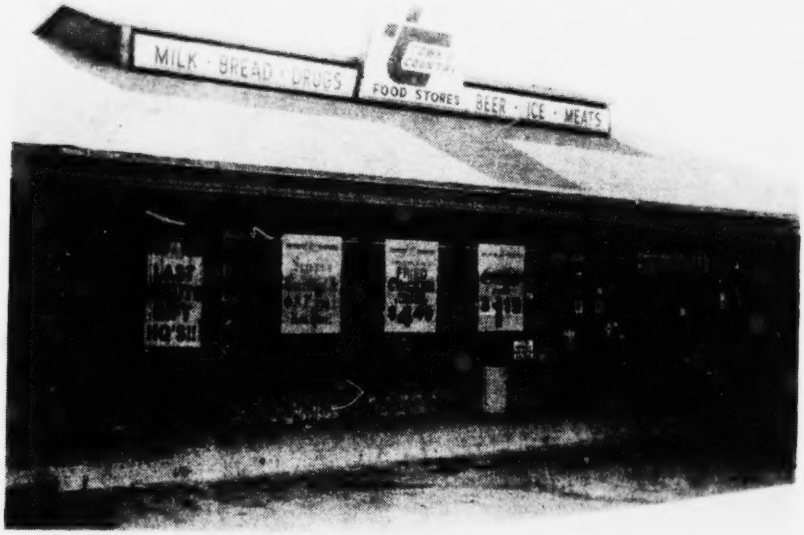

MILK · BREAD · DRUGS
TOWN & COUNTRY
FOOD STORES
BEER · ICE · MEATS

Fig. 1. The signs should be straight, neat, clean, and current. (Courtesy Town and Country Stores, San Angelo, Texas)

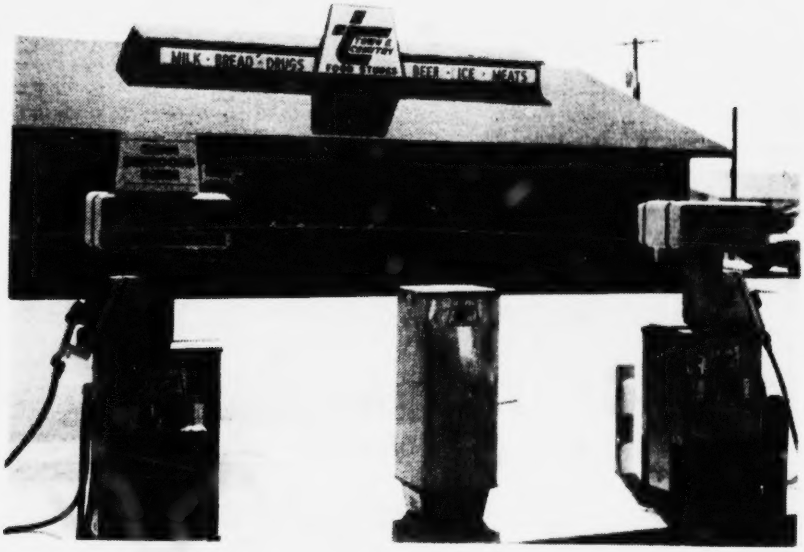

MILK · BREAD · DRUGS
TOWN & COUNTRY
FOOD STORES
BEER · ICE · MEATS

Fig. 2. Store exterior must be clean, uncluttered, and inviting. (Courtesy Town and Country Stores, San Angelo, Texas)

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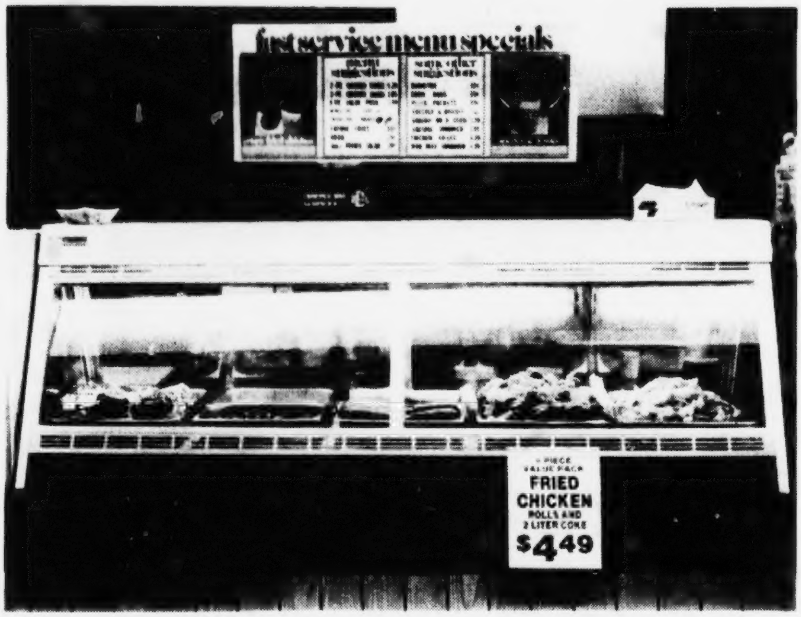

fast service menu specials
FRIED
CHICKEN
ROLLS AND
2 LITER COKE
$4.49

Fig. 3. The fast food area must be clean, neat, and inviting. (Courtesy Town and Country Stores, San Angelo, Texas)

back on warmers; wipe up spills immediately. Keep glassware and brewing equipment clean and shining. Keep napkins, cups, and plastic utensils neatly arranged and stacked in their containers.

Third, dairy product cases need constant attention and daily cleaning. Milk cartons occasionally leak or get spilled. The entire cold case for soft drinks, liquor and beer, dairy, meats, and prepared foods should have regular inspection. Straighten the stock, and make sure that spills are cleaned up and damaged cartons or cans removed.

Wipe down and clean the glass doors on the cold case. Wipe off any spots, fingerprints, smudges, and dirt. A dirty-looking case does not invite attention. Check to make sure that doors close tightly and seal to keep in the cold air. Keep an eye on the contents so that no item runs short. A half-empty cold case is a sign of haphazard stockkeeping, cleaning, and maintenance.

Magazine and periodical racks are convenient places for people to throw away paper and trash. These must be constantly cleaned and straightened so that stock appears fresh, clean, and salable. As you walk down aisles, look for out-of-place merchandise. People often pick up one item and then see something else they had rather have. The natural reaction is to set one item down and pick up the latter. Small items need attention, too. Cigarettes, pipe tobaccos, batteries, candy, gum, cookies, and other baked goods require constant straightening. Bagged goods like potato chips and snack foods are bulky and do not stack easily. These need straightening to keep them looking fresh and orderly.

Daily Duties and Responsibilities

In addition to cleanliness and maintenance, the two other major duties are checkout counter operation and stockkeeping. The checkstand duties are discussed in detail in Units 5 and 6. Stockkeeping refers to both forward stock on the shelves and counters and reserve stock in the stockroom.

About half the items carried by a C-store are classified as grocery merchandise. Most of the responsibility for stockkeeping falls on store personnel. In many areas and with some merchandise, you can rely on vendors to do the stockkeeping, but the overall appearance and quality of merchandising is an employee responsibility.

In general, employees are expected to do the following operations:

- Prepare order from basic merchandise order list.
- Receive, inspect, and verify shipment of incoming merchandise.
- Open cartons, mark prices, and restock shelves and counters.
- Change prices as required.
- Clean shelves and goods during restocking.
- Inspect merchandise for signs of damage, spoilage, and loose labels.
- Inspect for mixed prices, and correct if needed.
- Rotate stock for maximum freshness and inventory control.
- Put up displays, banners, and special promotion signs.
- Keep like items together for maximum visibility and sales.
- Display merchandise so that related items are together for a special sales event.
- Remove unsalable items from shelves, and dispose of properly.
- Inspect all equipment to make sure it is operating properly, particularly refrigeration equipment, cold wall equipment, microwave ovens, and dispensing machines.
- Inspect inside and outside lights, lighted signs, and inside advertising signs; replace burned-out bulbs immediately.
- Make sure vending machines are operating and dispensing.
- Make certain that merchandising policies are being carried out, that items are given their proper space allotment and placement on shelves and counters.
- Take inventory as often as recommended or mandated by company policy.
- Follow all security measures prescribed by your company, using preventive techniques wherever possible.
- Make your store an attractive and pleasant place to shop in by any age group at any time.

Maintenance of Driveway and Pump Island Areas

For those persons working in a C-store that sells gasoline, cleaning and maintenance of this area is a constant job without a periodic or regular schedule. All cleaning and picking up is done between customers. In addition to regularly hosing down and sweeping the driveway area, you must constantly clean and maintain the pump island. Never let rags, towels, empty oil cans, or other waste pile up. Dispose of items properly each time in the proper waste disposal can or container.

Clean and wax gasoline pumps on a regular maintenance schedule. Wash the pump housing with soap and water, dry down, and apply a spray wax made for that purpose. Keep glass dial faces clean and free of oil, grease, and dirt.

Clean and straighten the motor oil racks and display stands. Make sure signs, sign holder racks, and promotional materials are clean, straight, and in place. Check constantly for missing sign material or that which may loosen in the wind.

Keep any air hoses and water radiator fill hoses straight, off the driveways, and wound on racks where customers or employees will not trip over them. Make sure they are in place so they will not accidentally catch on a car's bumper.

Check windshield service cabinets to make sure they are filled with wiping materials, solvents, brushes, and other cleaning items. Keep all used towels and rags picked up and in their proper disposal cans. Empty these on a regular basis so they do not overflow and look cluttered.

Rest Room Maintenance

One of the most critical areas for cleanliness, sanitation, and neatness is the rest room. No one likes to enter a rest room that is messy, cluttered with paper, or has water standing on the floor. Rest rooms need constant maintenance and cleaning.

Clean the walls, ceiling partitions, and doors with wall cleaning brushes, and wipe down. Sweep and wet-mop the floors, using recommended cleaner. Be sure not to leave excess moisture that someone may slip on. Wipe down mirrors, and clean the lavatories and faucets. Clean the toilet bowl, using a bowl brush and disinfectant solution. Clean and straighten towel dispensers and tissue holders. Refill as needed. Leave doors open after cleaning to dry out and air out disinfecting odors.

Daily Duties for Checking, Reading, Receiving Gasoline Deliveries

Gasoline pumps and storage tanks require at least daily checking and recording (fig. 4). In some places with high business activity, readings may be taken more than once a day.

Pump readings are normally taken at the close and/or opening of each business day. Pumps are numbered, and each pump has a ledger sheet. Where a store stays open 24 hours daily, readings should be taken at the beginning or end of each shift. It is advisable to have another person double-check your figures. On small dials, it is easy to confuse certain numerals that look alike. It is also common to transpose digits when reading and recording large numbers.

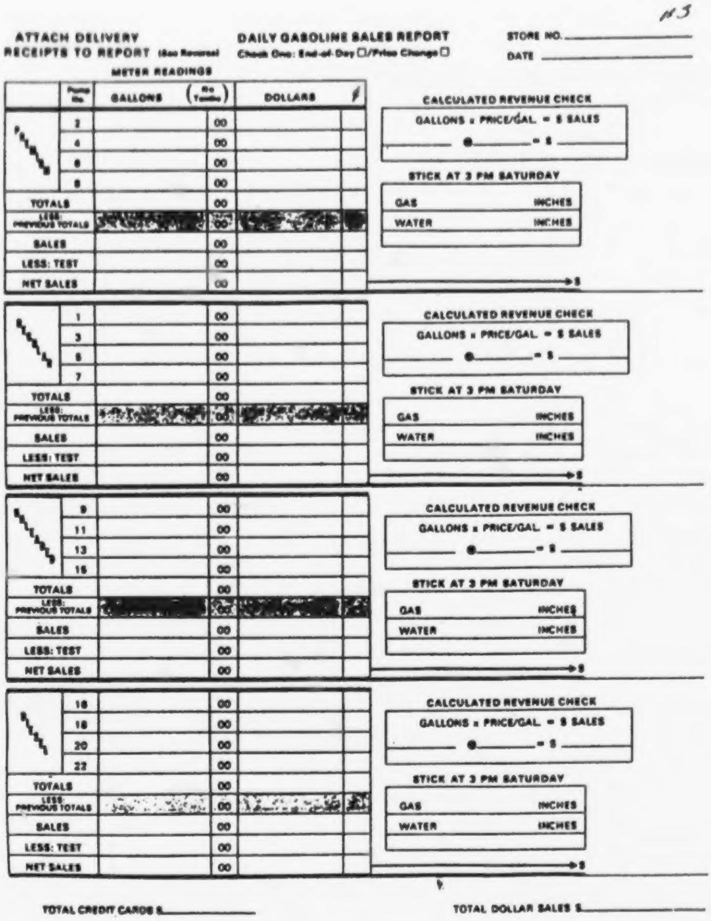
Gauge and record storage tanks at least once daily. Most stores take the tank readings at the same time as the pump readings. Insert the stick into the tank until it touches the bottom, and withdraw it quickly. If you leave the stick in the tank for as much as a few seconds, the level will creep upward by as much as an inch, giving an inaccurate reading.

When inserting the stick, avoid splashing or disturbing the surface tension as this too will cause an inaccurate reading. Read the level to the nearest 1/4 inch, and determine the gallons from the conversion chart. It is also good policy to make a gallonage comparison between the tank gauge and the pump meters. This will help avoid inaccurate readings.

Storage tanks for gasoline produce moisture. It is unavoidable because of rapid evaporation and condensation, plus changes in temperature. So that you won't read the water level, and to prevent excess amounts from fouling the pumps, use this procedure.

Test the tanks daily, using a special water-finding paste on the gauge stick. Two inches of water or less does no harm. More than 2 inches indicates an excess and must be pumped out. Remove the pump housing, and drain water that collects in the air separation chamber. Remove the drain plug, and let the water run from the chamber. When gasoline begins to run, replug the drain. Always replace fill caps securely.

Gasoline deliveries depend on the amount of business and sales volume. They are not on a regular schedule in most situations.



#3

ATTACH DELIVERY
RECEIPTS TO REPORT (See Reverse)

DAILY GASOLINE SALES REPORT
Check One: End-of-Day ☐/Price Change ☐

STORE NO. ____________
DATE ____________

METER READINGS

	Pump No.	GALLONS	(No Tenths)	DOLLARS	¢
	2		00		
	4		00		
	6		00		
	8		00		
TOTALS			00		
LESS: PREVIOUS TOTALS			00		
SALES			00		
LESS: TEST			00		
NET SALES			00		

CALCULATED REVENUE CHECK
GALLONS x PRICE/GAL. = $ SALES
________ ● ________ = $ ________

STICK AT 3 PM SATURDAY
GAS INCHES
WATER INCHES

→ $

	1		00		
	3		00		
	5		00		
	7		00		
TOTALS			00		
LESS: PREVIOUS TOTALS			00		
SALES			00		
LESS: TEST			00		
NET SALES			00		

CALCULATED REVENUE CHECK
GALLONS x PRICE/GAL. = $ SALES
________ ● ________ = $ ________

STICK AT 3 PM SATURDAY
GAS INCHES
WATER INCHES

→ $

	9		00		
	11		00		
	13		00		
	15		00		
TOTALS			00		
LESS: PREVIOUS TOTALS			00		
SALES			00		
LESS: TEST			00		
NET SALES			00		

CALCULATED REVENUE CHECK
GALLONS x PRICE/GAL. = $ SALES
________ ● ________ = $ ________

STICK AT 3 PM SATURDAY
GAS INCHES
WATER INCHES

→ $

	16		00		
	18		00		
	20		00		
	22		00		
TOTALS			00		
LESS: PREVIOUS TOTALS			00		
SALES			00		
LESS: TEST			00		
NET SALES			00		

CALCULATED REVENUE CHECK
GALLONS x PRICE/GAL. = $ SALES
________ ● ________ = $ ________

STICK AT 3 PM SATURDAY
GAS INCHES
WATER INCHES

→ $

TOTAL CREDIT CARDS $ ____________

TOTAL DOLLAR SALES $ ____________

Fig. 4. Typical daily gasoline report. (Courtesy Town and Country Stores, San Angelo, Texas)

Each company has its own ordering procedures to the bulk plant or wholesale jobber. In most cases, you can follow this procedure.

- Gauge the storage tanks before the truck tanker begins unloading.
- Climb up on top of the tank truck, and check each compartment to make sure it is up to the full mark.
- Gauge each tank immediately after unloading.
- Double-check to make sure tank readings correspond with delivery amounts.

Routine Equipment Maintenance

Regular planned maintenance of equipment does several things: (1) It keeps the equipment operating correctly. (2) It makes the equipment last longer. (3) It makes the equipment safer to operate and be around. (4) It prevents untimely breakdowns.

A planned maintenance program has a checklist of things to do on a schedule for each piece of equipment. It includes lubrication; checking belt for tension and sign of wear; checking for damaged parts, frayed electrical wiring, and leaking or worn hoses and connections; and cleaning.

Gasoline pumps

Check gasoline pumps daily. Preferably, check them when taking the pump readings. Check hoses, connections, and packing glands. Check the cutoff switch and electrical connections. Oil the motor bearings, and keep the oil well level up to the full mark. Check drive belts for tension and signs of wear. Check housing panels to see that they lock securely and that the pump housing is firmly anchored to the pump island.

Air compressor

The air compressor is an essential piece of equipment that requires constant maintenance and inspection. Keep all trash, boxes, cartons, or tools away from the compressor. It needs air circulation all around, and loose materials can get caught in the pulley wheels and belts.

Drain water from the tank at least once a week, and more often when humidity is high. Check for air leaks, particularly on the tank seams. Check the drive belt for proper tension and signs of cracks, fraying, or wear. Replace worn belts immediately.

Clean and oil the air intake filter at least once a month, and more often during dry or dusty conditions. Check the crankcase oil level each week. Drain and refill each month.

Lubricate motor bearings each month. Look for signs of arcing current inside the motor housing. Check the gauges. Excessive pressure in the air tank means the cutoff switch is not working properly. If you let the problem go too long, you may damage the pump and run the risk of tank rupture and explosion.

If the compressor runs constantly with little shutoff time, it means air leaks in the hoses, lines, or connections. Check these for possible replacement or repair. Be sure the compressor is cut off when the business is closed. NEVER BLOCK the relay connections to get higher pressure in the tank. You run the risk of a high-pressure rupture and damage, plus personal injury to anyone close by.

Cooling and heating equipment

Air conditioners and heating equipment should have weekly inspections. Clean or replace air filters weekly during high operating times.

Safety Guidelines

Pump island area

- Always observe the "No Smoking" rule.
- See that all pump hoses are safely out of the way when not in use. Hose retractors must be in proper working order.
- Remove any tools, equipment, or other objects from the driveway or pump island area that could trip or injure either workers or customers.
- Have adequate lighting in the pump island and driveway areas.
- Know the location of the emergency cutoff switch for all fuel pumps.
- Report immediately any damaged or inoperable equipment connected with the fuel pumps, hoses, connectors, nozzles, or shutoff devices. Do not use the equipment until proper repairs have been made.

Sanitation

- Never use a common drinking cup or glass, including coffee mugs.

- Where food products are consumed, a covered container must be provided for their disposal.
- Any rest room—public or private—must be kept in a clean and sanitary condition.
- Any toilet or rest room must be provided with an operating lavatory or washbasin. Employees must be instructed to wash their hands often during the workday.
- Employees may never eat or drink in a rest room or toilet area.
- No food products—including bottled or canned drinks—may be stored in a rest room or toilet area.

First aid and medical emergencies

- At least one person should be on duty at all times who knows how to render first aid. It is a good investment for every employee to know first aid and to have taken an approved course offered by the Red Cross, National Safety Council, or any of several organizations.
- Know the location of first-aid kits. Make sure they have adequate supplies.
- Any kind of cut, scratch, injury, accident, burn, or exposure to toxic chemicals or fumes should get immediate and competent treatment, and medical attention if necessary.

Questions

1. Why is absolute cleanliness a necessity in a C-store?
2. What causes the accumulation of trash or litter outside the C-store?
3. Why does the fast food, coffee and beverage bar, and prepared food area demand constant cleaning and maintenance?
4. For what reason do signs and displays need particular attention?
5. Why do magazine and periodical racks need constant attention?
6. What is the procedure for taking daily pump readings?
7. What is the procedure for gauging gasoline storage tanks and receiving deliveries from the distributor?
8. What safety rules should be observed around the pump island?
9. What sanitation procedures should be observed for all rest rooms?

Project

Prepare this project in the form of a report, and attach it to this unit for evaluation.

1. Describe specific dress and grooming regulations for employees where you work.
2. After reviewing the list of basic in-store duties that relate to grocery stockkeeping, prepare a similar list that your store requires of all beginning employees.
3. Go over the duties discussed in this unit, and list any that you have that are not included. Of all the duties you have, which ones do you think are the most important? Which ones require the greatest amount of skill and personal judgment? Did you receive adequate training for your job before you started to work? If not, what would you recommend to your manager that would be different and more effective for new employees?

3

Selling and Customer Relations

Objectives: *When you have completed this unit, you should be able to—*

1. *explain the importance of good customer relations to the successful operation of a convenience store;*
2. *name at least two ways to learn a customer's name; and*
3. *explain the importance of suggestion selling.*

Terms to Know

customer relations—the overall friendly atmosphere you establish by knowing your customer, using their names, and making helpful suggestions about products and services they may need.

suggestion selling—increasing the original sale through the use of helpful, constructive suggestions about products or services the customer may have overlooked or not seen.

Good Customer Relations

Recall that in Unit I it was stated that one of the main reasons customers like to shop in C-stores is because of the friendly, courteous service. In large supermarkets, customers are seldom known and called by name. They are seldom greeted by any employee until they reach the checkout stand. The C-store has the advantage of being smaller so the customer can be greeted as soon as he or she enters the front door. Also, because the C-store is more neighborhood-oriented, the employee has a greater opportunity to know and call the customer by name.

One of the best ways to build a strong customer clientele for a C-store is learn people's names quickly and to use them on every occasion. Perhaps the most vital thing you can learn from this entire unit of study is the importance of recognizing customers and calling them by name. To do this requires (1) the desire to make your store better than others, (2) the concentration you need to learn a person's name and remember it, and (3) the dedication that you will make your store a friendly, personal place in which to stop.

There is no real trick or secret to learning people's names. Individuals are different enough that you can attach a name to the personality if you really try and if you really want to do it. Desire and concentration are all it takes.

Let's assume that a customer enters your store and it is someone you have never seen before. Your first job is to greet the customer with a friendly welcome: "Come in, glad to serve you." When the customer makes a selection and comes to the front to check out, you have a perfect opportunity to learn a name.

- "Did you find everything you needed?"
- "Yes, I did."
- "I'm Suzanne Smith. Do you live here in the neighborhood?"
- "Yes, I just moved here. I'm Jim Walton."

- "Nice to meet you, Mr. Walton. We're open 24 hours every day. I hope you'll be a regular customer of ours."

If a customer writes a personal check, it is easy to learn their name and address. If you accept charge card purchases, you have another opportunity to learn the customer's name. If it is a cash purchase, introduce yourself, and ask the customer's name.

One you learn the customer's name, you should make an attempt to remember it. One way is to write it down as soon as the customer leaves. Keep a note pad by the register or checkout stand. Jot down the name and two or three brief facts about the individual to jog your memory when you see that person again. Let's say that Jim Walton stops by three days later. You tell yourself, "He's been in here before," and you look at your note pad and the name is there.

> "Mr. Walton, it's good to see you again. Did you find everything you needed? We have some fresh barbequed chicken that you ought to try."

It is not always possible to greet every customer as soon as he or she enters the door. You may be busy, or you may not notice the customer at the time. However, you can always give your greeting and call the person's name at the time of checkout.

Increasing the Sale

An important part of your job is to do suggestion selling, or to suggest items the customer may not have seen or noticed. This is not just an attempt to get more money. Suggestion selling is always viewed as something that is helpful to the customer. It is actually one of the many services you can provide to customers.

Surveys show that male customers in particular are receptive to suggestion selling. In the leading product categories, when a customer was given a positive suggestion, an additional item was purchased 30 percent of the time. Males are also given to impulse buying—that is, making a purchase on sight when it was not planned for.

Asking a customer at the checkout stand, "Will this be all for you today?" or "Do you need anything else today?" is **not** suggestion selling.

Suggestion selling is just that. It is increasing the sale by **suggesting** or calling attention to a product or service that the customer may not have seen or know about. The nature of C-store merchandising is constant change in product offerings. Almost weekly, some items are dropped and new ones are added. This is particularly true of fast foods, prepared foods, and beverages. It is to the customer's advantage as well as yours to call attention to the new product or service.

- "Did you see our broasted chicken? We just added it, and we have a special price this week."
- "We now sell money orders here. When you need one, you can get it here and save yourself an extra stop."
- "Did you notice our ad in the paper today? We've got a sale on all Del-Monte items. It's part of a national promotion. You ought to take advantage of it."
- "These beverage coolers are perfect for the picnic season. They are just $3.00 this week. May I add one to your bill?"
- "A lot of people have been asking for that new French-style yogurt. We have it in our cold case back there, and it is really popular."

When a suggestion is made as a helpful idea or something that will aid the customer, it is usually well received. People appreciate good suggestions, even if they do not buy the item right then. You have planted a "seed" of a suggestion that will likely be acted on at a later time. Remember, most people who stop and come in are in a hurry and that is a major reason for shopping your store. Time may not permit the customer to act on your suggestion right now. For example, you may call attention to a new line of hot sandwiches. The person already has her lunch for today, but your suggestion may make her want to stop and try your hot sandwiches tomorrow—or next week. You may call attention to the coffee and beverage bar. The customer doesn't have time at the moments, but the idea has been planted and later on he will remember where to stop for a quick cup of hot coffee or chocolate.

You don't have to wait until the customer comes to the checkout stand or counter before you make a suggestion. You can call back to the customer who may be looking and shopping. You may see the customer in the aisle and point out something new or interesting:

- "We now have our own French bakery. Why don't you pick up a bag of fresh, hot croissants for breakfast in the morning?"
- "Don't forget school supplies. School starts in two weeks."
- "Kids really go for these new paper packs of fruit drinks."

Why the emphasis on increasing the sale? Unit I points out that, even at today's prices, the average sale per customer in a C-store is only about $2.00. You have to have a lot of customer traffic in a day's time to have enough sales volume just to pay operating expenses. Suggestion selling takes no extra physical effort and does not really delay the customer, so the time you take to increase the sale adds nothing to operating expenses. However, any increase in the sale itself—even if it's less than a dollar—is a big boost to profit. Your success as a beginning employee depends a lot on how well you relate to customers. It will help you get a faster promotion to assistant manager and then store manager. Your salary is directly affected by the net profit rate of the store. Suggestion selling is good business for you, for the company, and for the customer. Everyone wins when you take the time and interest to make helpful suggestions and the additional effort to increase the sale.

Questions

1. Why are courtesy and friendliness essential in a C-store?
2. What is needed by the employee to learn and use customers' names?
3. Name at least one way you can learn a customer's name when it is not known.
4. What can you do to recall a customer's name so you will remember the individual?
5. Define **suggestion selling.**
6. Explain why suggestion selling varies from customer to customer.
7. Why is suggestion selling so important to you and the company?

Project

In each of the following examples, a customer is described. Using the store where you are employed, its products, and its services, tell what would be an appropriate suggestion for increasing the sale. There are no right or wrong answers, but your suggestions should be appropriate for each case, and you should be able to tell why you made that suggestion.

- Male, age 25, in work clothing, who has just purchased a package of cigarettes and a bottle of soft drink from the cold case.
- Female, age 35, in casual clothing, who has just purchased canned soup, a box of crackers, and a six-pack of beverage.
- Male, age 50, in a business suit, who has just filled his car with gasoline.
- Female, age 25, with an infant and young child, who has just purchased baby food, diaper pins, and a small plastic toy.
- Two male teenagers, age 16, from nearby high school, who have just purchased fried chicken and soft drinks.

4

A Profile of Convenience Store Customers

Objectives: *When you have completed this unit, you should be able to—*

1. *tell why a C-store employee should know the customers and their buying habits;*
2. *name the three major categories of C-stores, and identify the market that each serves;*
3. *explain the importance of distance from the C-store to its market;*
4. *describe three income groups and how they spend their money in a C-store;*
5. *tell how major products in a C-store help sell other products; and*
6. *prepare a customer profile of the C-store where you work.*

Terms to Know

transient—a nonresident; someone passing through the area, or a person who does not live in the immediate area.

apartment—multiple living units under one roof or contained in a single building that are rented to residents. Renters do not own any part of the property.

condominium—multiple living units similar to an apartment, except that residents own their living units, but do not own the grounds.

merchandise—to group, arrange, and present products so that customers will be encouraged to see related items and make a buying decision that is greater than planned for.

The new employee may be wondering why it is important to study customers and their buying habits. First, the only reason a store is in business is to serve the needs of its customers. Second, how can you serve their needs unless you know what they want, when they want it, and how much they want? Studying customers and their buying behavior is simple basic marketing, and it is just as important for the C-store as it is for the large department store, industrial plant, or airline company. Good marketing is based on constant marketing surveys and studies of human behavior in the marketplace.

This unit presents nationwide surveys and trends to give an overall view. What is more important here is to make judgments that will affect the sales of your own particular company and the particular market you serve. Even the same stores of the same company in the same community do not offer the exact same products or services. Each store stocks and sells what it considers to be the items most wanted by the customers it serves, and these will vary from neighborhood to neighborhood.

Products C-Store Customers Want

Based on unit volume—not necessarily on dollar amounts—the most popular items in C-stores nationwide are these, ranked in descending order:

- Soft drinks
- Cigarettes

- Baked goods
- Milk
- Candy/gum
- Snack foods
- Periodicals/books
- Canned groceries
- Beer

Even though the sales of these items varies greatly with the time of day and the day of the week, this study does show **what products** the customer comes in to shop for. These are the main attractions—the reason for shopping. It is how well the store merchandises to take advantage of these customer wants and needs that determines its success in serving the market.

Product Mix Determined by Store Location

C-stores can be grouped into three distinct categories based on their location and the type of market they are designed to serve. Who they serve and their location will determine the products and services that their immediate market will want.

1. A **family store** is one located in a neighborhood that serves mostly single-family dwellings. In other words, one family per house rather than apartments and condominiums. Family store products are designed to fit the needs of families where the adults are lower to lower-middle income, with two or more children or teenagers in the home.

2. An **apartment store** is one located near a large collection of apartments, condominiums, small hotels, motels, or other multiple-family dwellings and structures. There may be single-family homes mixed in, but the neighborhood itself is largely multiple-family structures. Apartment stores are designed to serve the needs of mostly women and children, middle income, and smaller households with older adults.

3. A **highway store** is located on a major traffic artery or highway, near a major resort area, or where most of the customer traffic is from transients or people who do not live in the immediate area. Highway stores largely cater to younger males, aged 18 to 34, renters rather than homeowners, singles, and craft/trades workers, with a high school education.

Some generalizations can be made about C-store shoppers and customers. On the whole, they are singles and young marrieds, mostly males, mostly blue-collar workers, and in the lower to lower-middle income range. Generally, the more children or the larger the family size, the less shopping that is done in a C-store. Also, older couples over the age 50 are not usual C-store customers because they have not been educated to shop these places for food or food-related products. They prefer supermarkets and fast food restaurants or family-style restaurants.

Distance to Shop

"Convenience" to most people means within easy reach, easy to get to, nearby, easy in and out, parking near front entrance, and on the way to or from work. So location is extremely important in being able to serve the intended market. Much study and surveying is done before choosing a choice location for a C-store.

By far, the largest majority of customers travel less than a half mile from home to store. Yet, the next largest group of shoppers live more than three miles from the store. So, distance from home is not always the most important factor. Men will travel the longest distance, and children will travel the shortest distance (because they are usually on foot or on bicycles). Men will go a greater distance just to get the products or services and not think about the extra time or cost to get there. Women tend to be more time-conscious and want to shop as close to home as possible.

How Much Shoppers Buy

Overall, C-store customers spend only about 10 percent of their total food budget in convenience stores. This varies, though, with the type of shopper and the store's location. Generally, stores that serve multiple-family housing take a larger share of the food purchases—up to 35 percent in some cases. People in the higher-income range spend more in C-stores because of the convenience and because they shop more often. In those families where most of the shopping is done in supermarkets, the limit is one major shopping trip per week. Those who shop a significant amount of time in C-stores may come in at least once a day—sometimes more often.

The product itself determines how much and how often the customer buys in the C-store. For example, in one study it was shown that milk was shopped for more often than any other product in a C-store. Cigarettes were rated second, then soft drinks, and then beer. By contrast, an item like fresh or frozen orange juice was only rarely shopped for in a C-store.

The busiest hours are early morning and from 5:00 p.m. until closing time. Men are the predominant early morning shoppers and again after 5:00 p.m. Women are the predominant group during late morning and early afternoon hours. Children are the predominant group from 3:00 to 5:00 p.m., on their way home from school.

Purchases also change with days of the week. Snack foods and prepared foods sell best during the week. It is assumed that workers stop in for lunch and during the breaktime rather than going to fast food places, which are always crowded during peak mealtime periods. Baked goods, the coffee/-beverage bar, and cold fountain drinks sell best on weekends. The assumption here is that people have more leisure time and are not in a hurry. Magazines, newspapers, and periodicals sell best on Saturdays and Sundays. Milk, bread, and cigarettes are early morning and late evening favorites. Soft drinks and beer seem to enjoy fairly stable sales throughout the day and through the days of the week.

Income as a Measure of Sales

Low to low-middle income groups are the largest segment of C-stores shoppers nationwide, though this varies from store to store and from region to region. In some locations, middle to high-middle income groups may predominate—particularly around resorts and recreational areas. Items shopped for are usually related to the value needs of each income group. Surprisingly, the lower-income groups generally spend more dollars per purchase then any other group. Men outspend women. Singles outspend couples and couples with children. Children are big spenders on certain items.

Families in low-income range spend about 43 percent for food, but only 10 percent of that is spend in C-stores. Those in the medium-income range spend 20 percent of their budget on food, but only 11 percent of that amount goes to C-stores. In the high-middle income range, only 12 percent of the budget goes for food purchases, and about 10 percent of that amount goes to C-stores.

Surveys show that individuals and families tend to spend more of their food budget in C-stores where only a limited number of items are shopped for. Apparently, if major food purchases are going to be made, buying is done in supermarkets and traditional-type food markets. **The C-store is reserved for limited-item shopping.** To make up for this fact, store employees must (1) do more suggestion selling, (2) constantly merchandise for the bulk of the shopper's needs, and (3) keep records of customer wants, out-of-stocks, and what other C-stores are offering.

Merchandising for Shoppers' Wants

Two facts become apparent from all surveys and studies of C-store customers and their buying habits. First, shoppers want to spend a **limited amount of time** in the store. Second, they come to **buy only a limited number of items.** Given these facts, the successful store is the one that merchandises to satisfy customer wants and needs. What this means is that store layout, stock arrangement, and space given to each group of products or services are extremely important. For example, why spend money and space to stock frozen orange juice if very few customers ask for it or buy it?

Another point worth considering is to find out what customers come in for and what they leave with. For example, a study done by one C-store chain found out the following:

- Customers who came for soft drinks usually bought snacks, baked goods, and candy a significant number of times.
- Those who came for cigarettes also bought soft drinks.
- Those who came for baked goods also bought milk, soft drinks, and canned goods.
- Those who came for milk also bought baked goods and soft drinks.
- Those who came for candy and gum also bought soft drinks and cigarettes.
- Those who came for snack foods (chips and dips) also bought soft drinks and beer.
- Those who came for beer also bought cigarettes and snacks.
- Those who came for hot coffee also bought baked goods.
- Those who came for sandwiches also bought soft drinks.

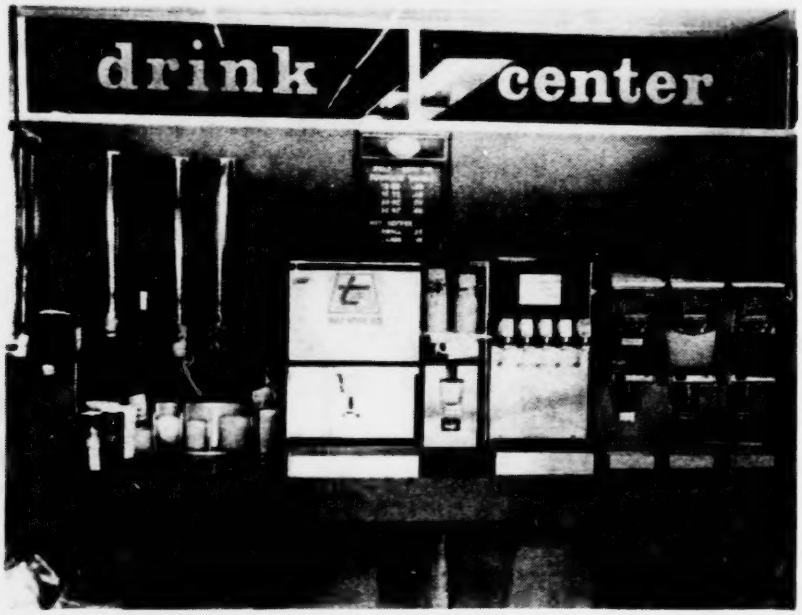


Fig. 1. Thoughtful merchandising places related items near this beverage center. (Courtesy Town and Country Stores, San Angelo, Texas)

What does all this tell you? It shows that there are about four or five food/beverage groups that are regularly shopped for and that additional items from these groups are also purchased. Items should be merchandised so that these major product groups are highly visible (fig. 1), and they should be suggested to the customer who is buying two or three items. For every food and beverage purchased, there are popular related items to suggest. They must be seen, also, so the biggest selling items should be merchandised so they are close together or will be seen on the way to the checkout stand.

Men are good customers for beer, cigarettes, and hot coffee. Women are good customers for soft drinks, milk, and canned goods. Children and teenagers are good customers for candy and frozen dispensed drinks. Few, if any, customers come to a C-store just to buy candy. It is nearly always an impulse purchase after the customer buys something else. Candy and gum must be put close to the checkout area and made highly visible to all customers. On the other hand, milk is a major reason for customers to come to the store. Stock related items close by, such as bread, baked goods, snack foods, and prepared sandwiches.

Snack foods sell soft drinks and baked goods. Baked goods sell milk. Soft drinks sell sandwiches, baked goods, and snack foods. Any one of these purchases "suggests" additional or related items that naturally go together.

Few shoppers enter a store with a fixed dollar expenditure in mind. The reason for the stop is to get one or two items, but the person is mentally open to other purchases. The store's stock should suggest other purchases and needs.

Notes

Most of the figures quoted in this unit came from two sources:

Robert Dietrich, "L'il General Study—Part II," Convenience Store Shopper (reprint).

Mary Johnson, "Consumer Study: The Male Customer," C-Store Business, July 1981 (reprint).

Questions

1. Why should you study your customers and their buying habits?
2. Name the three categories of C-stores, and identify the markets that each serves.
3. Of what importance is the distance from the C-store to its market?
4. Compare the three major income groups' expenditures in the C-store.
5. Briefly explain how some major products help sell other products in a C-store.

Project

Prepare a customer profile report on the store where you work. The report should include the following information, which can be verified by your manager or assistant manager.

1. What type of store is it—family, apartment, or highway?
2. What is the general makeup of its market—singles, couples, couples with children, professional workers, craft/-trade workers, average income group, average educational level?
3. What distance do most of the customers drive from their home to your store?
4. What are five leading products sold by your store (using the list given in the text)?
5. What products are merchandised close to each of the five leading items?
6. What items or services does your store have that were selected to serve the needs of your market? (Requires answer from manager or owner.)
7. What factors were mainly considered in selecting the location of the store? (Requires answer from manager or owner.)

5

The Checkout Operation: Cash Transactions

Objectives: *When you have completed this unit, you should be able to—*

1. *tell how a customer should be greeted at the checkout stand;*
2. *explain the correct procedure for separating and checking a customer's order;*
3. *describe change-making procedures;*
4. *tell how to handle an odd-cent transaction;*
5. *explain the proper method of bagging a customer order;*
6. *name the three important items to check on a redemption coupon;*
7. *tell what items cannot be purchased with food stamps; and*
8. *explain how change may be given on food stamp purchases.*

Terms to Know

ordinance—a local law or regulation enforced by the municipal government.

subtotal—a procedure used in calculation on a register where part of a series of figures are totaled. The purpose is to divide items into categories where tax or discounts can be figured before the final or net bill is calculated.

odd-cent transaction—when the total amount of a bill is uneven and requires one or more pennies in change, the customer will give the pennies needed rather than take pennies in change. For example, the bill is $2.66. The customer gives one penny to avoid having four returned in change.

money slab—a plastic or metal plate just above the change drawer on a register where bills and coins are placed until the correct change has been given to the customer.

coupon—any printed device that offers a "cents off" or reduction on the purchase price of a specific product. The manufacturer usually reimburses the company the value of the coupon.

food stamps—a federally subsidized program that issues stamps in three denominations of $1.00, $5.00, and $10.00. These are issued at U.S. Post Offices to eligible low-income persons to use for food purchases. The stamps can be redeemed at full value at any place that sells food and is licensed to accept food stamps. The merchant is reimbursed in full by the federal government acting through a state or local agency.

Greeting the Customer

Checkout is the only part of the customer's experience that is not self-service. You may be the only personal contact the customer has with the store and its management. This is your last opportunity to sell, and it is your one opportunity to practice good public relations so the customer will want to come back. Your presence in the store and at checkout is the only thing that makes your business very personal. Otherwise, the entire operation could be done as a vending machine.

Checkout begins with a sincere greeting. Even if the customer did not get a greeting when he or she entered the door, a warm and friendly greeting at checkout is essential:

- "Good morning, Mrs. Jones. I'm glad you came in to shop."
- "Good evening, Mr. Smith. Thanks for shopping with us again."
- "Hello. It's a beautiful day outside; glad you came here to shop."

The second step in checkout, after the initial greeting, is to ask if the customer found everything he or she wanted:

- "Did you find everything you needed?"
- "Was there anything you didn't find?"
- "Did you find exactly what you wanted?"

The third step in checkout is to do suggestion selling by calling attention to specials, promotions, new items, or items that you think the customer may want:

- "Did you notice our new hot sandwich bar?"
- "We're having a special promotion with the new large size Coke."
- "You get the large bag of potato chips free with the one-liter bottle."

The checkout operation begins with a greeting, with a question to see if the customer found everything wanted, and with a final suggestion that may increase the purchase. It must all be done with courtesy, friendliness, enthusiasm, and sincerity, or the effect is ruined.

Processing the Purchase

Recall that one of the basic reasons for coming to a C-store is fast service. Easy parking, easy shopping, and no waiting in a long checkout line just to purchase one or two items—these are the attractions of C-store shopping. So, you must be careful to check the purchases quickly, make the necessary transaction, and let the customer be on his or her way. If the customer wants to chat awhile and is in no hurry to leave, then you can be friendly and engage in casual conversation. However, you must be careful not to let a "chatty" customer keep you from checking out the next customer. You must be friendly, but you must also be aware of other customers' immediate needs.

Each store has its own particular rules or way of doing things. Your store probably has trained you to handle customer transactions in a specific or recommended manner. The following information is general in nature and applies to nearly all stores. However, you should remember that where there is a difference in recommended procedures, you should always follow what your store recommends. Also, there are certain local ordinances and state laws that affect these situations, and these change from time to time and state to state.

Separate taxable items

Almost all states, and many local communities, have a sales tax on retail purchases. You should know precisely what is taxable and what is nontaxable in your community and state. While most food items are generally nontaxable, some soft goods, health and beauty aids, and general nonfood items may be taxable.

If you have only a standard cash register or an adding machine, then follow this recommended procedure:

1. Separate the taxable items first.
2. Register each item, and call out the amount to the customer, such as "69¢, 25¢, $1.50," moving each item as it's checked to prevent charging twice or overlooking one.
3. Subtotal the taxable items.
4. Register the appropriate tax, and call that out to the customer, such as "These items were $2.12 and 9¢ tax."
5. Now, register the nontaxable items and subtotal.
6. Total the order, and call out the amount to the customer, such as "That is $4.65 total."
7. Bag the order.
8. Take payment, and make change as necessary from cash drawer.
9. Thank the customer, and place the receipt in the bag.

If you have an automatic register that automatically calculates the taxable items (fig. 1), then follow this recommended procedure:

1. Call out the amount of each item as it's checked.
2. Register each taxable item on the machine.
3. Total all items checked. The register automatically calculates the tax on taxable items and issues a receipt that identifies the taxable amount in the subtotal.

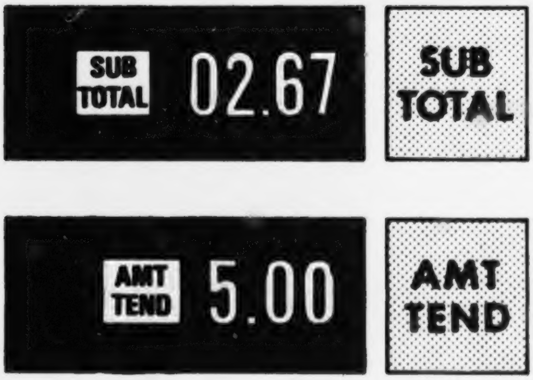

SUB TOTAL
02.67
SUB TOTAL
AMT TEND
5.00
AMT TEND

Fig. 1. On some registers, the change is automatically figured by the machine. Both the amount owed and the amount received show.

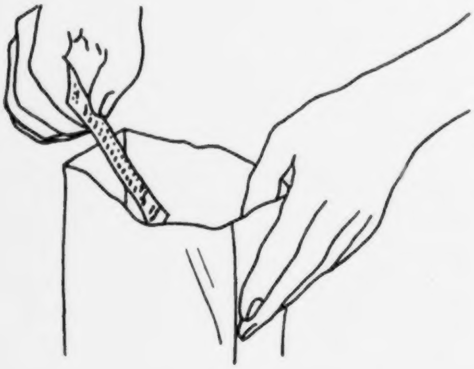


Fig. 2. Every customer must be given a receipt for the purchase. It is best to drop it in the top of the bag.

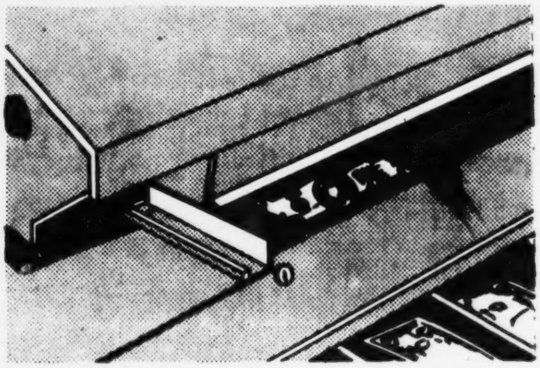


Fig. 3. Keep the amount given by the customer on the change plate until after the change has been counted from the drawer.

4. Bag the order, take payment, and make change.
5. Thank the customer, and place the receipt in the bag.

Correct mistakes immediately

Even with experience, it is easy to hit the wrong key on the register or adding machine. Correct the mistake immediately, and call it to the attention of the customer. "I hit the wrong key, and I'm correcting it now. I charged you 39¢ instead of 29¢." When you get the register receipt, show the customer where you corrected the error. This is another advantage the C-store has. It is small enough that you can take the time for this extra service. In supermarkets, checkout is so rapid and so impersonal that mistakes may not be discovered until after the customer gets home.

Making Change

For cash transactions, making change follows a simple procedure. It is important to get in the habit of making change the right way so you will avoid errors. When you total the order and it is registered as "total," the change drawer opens automatically.

1. Call out the amount of the purchase, such as "That is a total of $3.67." State dollars and then cents: "three dollars and sixty-seven cents." Avoid saying, "three sixty-seven."

2. When the customer gives you the money, it can be in one of several ways. (a) If the customer gives you the exact change, then simply repeat the amount: "That is three dollars and sixty-seven cents exact change." (b) Or, the customer may give you a five-dollar bill and two pennies to take care of the odd cents. The correct procedure is to call out the amount of the sale and the amount given: "That is three dollars and sixty-seven cents out of five dollars and two cents." (c) Or, the customer may give you four one-dollar bills. You would say, "That is three dollars and sixty-seven cents out of four dollars." Always call out the amount of the sale and the amount of money given by the customer.

3. Place the money given you by the customer on the money slab directly above the change drawer where it is in plain sight of the customer. This avoids possible disputes on what was given to you. If you place the money in the change drawer first, you have no evidence to support you on the amount given. This is just good business and a good precaution.

4. Begin counting the change by starting with the amount of the purchase. Using the previous example, you would say to yourself, "three dollars and sixty-seven cents." Begin with pennies and progress upward to the amount given you by the customer. For example, you would take three pennies and count, "three dollars and sixty-seven cents, three dollars and seventy cents, and a nickel makes it three dollars and seventy-five cents, and a quarter makes it four dollars." You count the change back to the customer using the same process.

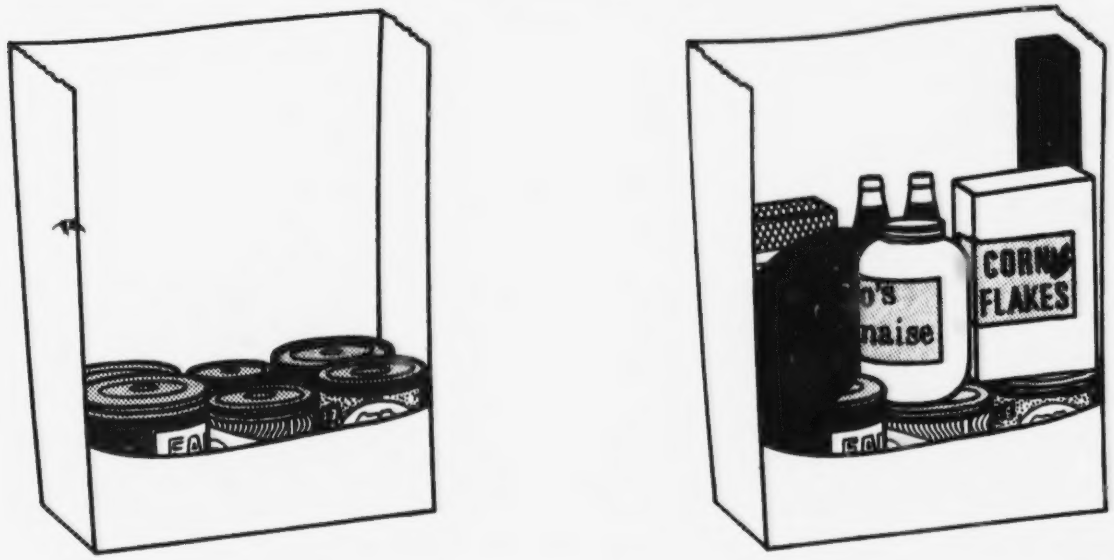
5. For the odd-cent transaction where the customer gives you pennies or a combination of change to get even larger coins in return, follow this recommended procedure. Suppose the bill is $3.67, and the customer gives you four dollars and two pennies. Rather than subtracting the two cents, it saves confusion to tell the customer, "That is three dollars and sixty-five cents out of four dollars." When you give the change to the customer, say, "The amount was three dollars and sixty-seven cents out of four dollars and two cents. **Your change is thirty-five cents."** Do not try to start with odd cents and end with odd cents as it will confuse both you and the customer.

6. Always give the least amount of change possible. Do not give an excessive amount of nickels, dimes, or quarters unless there is no other way to satisfy that particular transaction. If your change drawer is out of one type of coin, buy some more with your change fund from the change reserve or "bank."

7. After counting the change to the customer, put the register receipt in the bag (fig. 2), and thank the customer. Take the amount given from the change slab, put it in the drawer, and close the drawer.

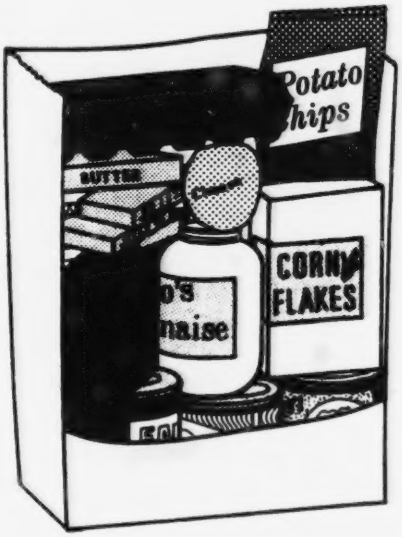
It is very important that you leave the money given you by the customer on the money slab of the register until after you have counted the change back to the customer (fig. 3). In the event the customer disputes the amount, you can point to it on the register.

For example, suppose a customer says, "I gave you a twenty-dollar bill instead of a


EA
o's
naise
CORN
FLAKES
EA

Form a solid base with heavy items or canned goods.

Pack the middle of the bag with bottles, meats, and boxed goods.


Potato
hips
BUTTER
o's
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CORN
FLAKES
EA

Pack lightweight and fragile items on top.

Fig. 4. Packing a bag

ten." You can point to the ten-dollar bill on the slab, which is in plain sight. If the customer still disputes the amount, you must call your manager or supervisor to settle it. Do not give more change to the customer just to avoid the dispute. Do not falsely accuse the customer of trying to cheat you. A person can honestly think or believe that more money was given than the actual amount. Follow your company's rules on handling this kind of dispute.

Bagging the Order

Unlike a supermarket, there are many small items and single-item purchases that do not need to be bagged in a C-store. For example, cigarettes, a six-pack of soft drinks, a loaf of bread, a carton of milk, a sack of potato chips, a box of cereal, or any single-item purchase does not require a sack or bag unless the customer requests one. Any item purchased for immediate consumption does not require a bag. For example, a hot sandwich, a small bag of chips, a single soft drink, or a package of sweet rolls or donuts is usually purchased for consumption on the premises or within a short time. A bag is wasted if the customer immediately throws it in the trash.

Paper sacks or bags are expensive items. The larger the size, the greater the cost. If in doubt about whether to use a sack, ask the customer, "Do you want this in a sack?"

If you do use a sack, select one that is the right size for the order. The number of items in a C-store purchase is usually small. Normally, a single bag will do. It's worse to use one that is far too large than two smaller ones. Place heavy or solid items on the bottom such as canned goods, boxed goods, jars, and bottles (fig. 4). A milk carton can go on the bottom if it is not too wet to soak through the bag. Place fragile or soft things on top, such as bagged chips, eggs, baked goods, breads, soft goods, or paper supplies. Usually, large bulky items, such as bottled soft drinks, six-packs, large containers of bleach, and packaged disposable diapers, are best left unbagged to be carried separately.

Candy, gum, prepared foods, fountain or frozen drinks, and similar items need not be bagged unless there are other items in the order. Very small items may need to be bagged so they won't get lost or misplaced. Ice cream cartons and frozen foods should be placed in an insulated bag or plastic bag so other items won't get wet.

As an extra courtesy, you may offer to carry large, heavy bags to the customer's car. This should be done in accordance with store policy. Many stores will not permit you to leave the register area if other customers are in the store.

Handling Coupons

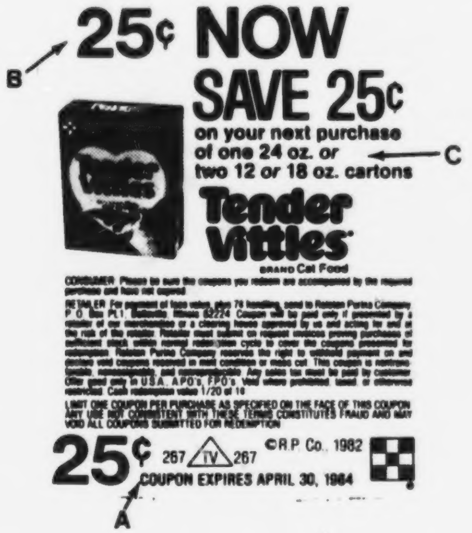
Coupons today are a major promotional tool of manufacturers, particularly in the food marketing area. Many customers clip coupons and redeem them at the food store for the items specified. The manufacturer normally reimburses the company the value of the coupon plus a small handling fee. Stores do not make any money from handling coupons. It is strictly a service to the customers that food marketers are expected to perform.

A coupon has three important points (fig. 5) that you must look at and observe. (1) The coupon has an **expiration date.** Never accept a coupon that is past the expiration date. (2) The coupon tells the **exact amount of reduction** on the purchase. This is usually printed in large type and is the most prominent part of the coupon. It may say, "10¢ off," "Save 25¢," or "35¢ introductory coupon," for example. The amount stated is the amount to subtract from the price of the item. (3) The coupon states the **brand name, product, and size** that is valid for the reduction in price. No substitutes can be made in product, in brand name, or in size. If your store is out of the product, or the size, or does not stock it at all, the customer cannot use the coupon for another product of comparable value or similarity.

Coupons are like cash. They should be handled like cash and processed according to your company's policies. Chain stores usually handle these in the central office, and local store units forward them for processing. You may **never** give cash for a coupon!

Handling Food Stamps

Food stamps also require accurate handling and processing. Food stamps are issued to eligible persons by the federal government. They are similar to coupons in that each one has a face value for redemption. There are several very important things you must know about accepting and handling food stamps.



25¢ NOW

SAVE 25¢

on your next purchase of one 24 oz. or two 12 or 18 oz. cartons

Tender Vittles

BRAND Cat Food

25¢ 267 TV 267

©R.P. Co., 1982

COUPON EXPIRES APRIL 30, 1984

Fig. 5. Three things to look for on coupons are (A) the expiration date, (B) the exact amount of reduction, and (C) the size and brand name of the product. (Courtesy Ralston Purina Co.)

First of all, you may accept them **only** if your store is licensed to accept them.

1. Keep up with current federal law that regulates the redemption of food stamps. The major objective of the federal food stamp program is to help low-income families maintain good nutrition. Thus, food stamps are good only for certain kinds of purchases.

2. Food stamp customers should inform you that they are using food stamps before you begin to register the purchases. Many stores have signs posted at the checkout stand to tell customers that you need to be informed.

3. Food stamps may not be used to purchase alcohol (wine or beer), soft drinks, cigarettes or tobacco products, pet foods, confections such as candy and gum, snack foods, or any nonfood item. Milk and dairy products, meats, eggs, canned and dry groceries, and frozen foods are normally covered by food stamps. Prepared foods and beverages are usually considered as snacks and are not covered. Anything that would be found in a restaurant or fast food business is not covered.

4. You **cannot** exchange food stamps for cash. The only exception is when you give cash as change for the unused part of a coupon given for a purchase—up to a maximum of 99 cents. No coupon may be accepted for food payment that is marked "paid," "cancelled," or "specimen." Any coupon other than the $1 coupon must be attached in the book. A $1 coupon may be loose. To repeat, **change for coupon payment may not exceed 99 cents.** In other words, you are not permitted to take more than one $1 coupon if the purpose is to give back more than 99 cents in cash. Coupons may not be used to pay for food that was purchased on credit. You are not permitted to "hold" coupons for customers for later purchases.

5. In any eligible food stamp purchase, the customer must give you stamps to the closest amount of the purchase. Assume the purchase was $6.20. The customer cannot give you two $5 stamps to get back more than the maximum amount of change. The customer may give you one $5 stamp and two $1 stamps. The change given would be 80 cents. If, in the above example, the customer has only two $5 stamps and no other denominations in the book, then a credit voucher is issued for the difference. In this case it would be for $3.80. The voucher would be marked, "redeemable for eligible foods only."

The information above is based on current regulations. If your store is authorized to accept food stamps, then you must keep informed on current regulations and any changes made.

Questions

1. What are the first three things you do when the customer approaches the checkout stand?
2. When you are ready to check out a customer's order, what is the first thing you do to the items?
3. What should you do if you make an incorrect entry on the register when checking a purchase?
4. Where should you place the money the customer gives you in payment?
5. How do you process the odd-cent transaction when the customer gives you pennies so that larger coins are returned?
6. Where do you place the register receipt when the transaction is completed?
7. How do you avoid a dispute with a customer over the amount of money given?
8. How should items be bagged?
9. What are the three important things to check on a coupon?
10. What items cannot be purchased with food stamps?
11. How may change be given on food stamp purchases?

Project

Describe the register checkout procedure in the store where you work. What type of register equipment do you use? If your store has a different set of checkout procedures than those stated in the text, describe your procedures. What specific instructions does your store have on bagging customer orders? What rules do you follow if a customer insists that more money was given than you believe? What rules do you have for carrying or assisting a customer with carrying an order to the car? Write this as a report, and attach to this unit.

6

The Checkout Operation: Cashing Checks

Objectives: *When you have completed this unit, you should be able to—*

1. *tell why check cashing is a serious cashiering function;*
2. *identify the standard precautions for cashing payroll checks;*
3. *give four important guidelines for cashing personal checks;*
4. *explain why most stores refuse to cash two-party checks;*
5. *explain the security measure built into traveler's checks;*
6. *identify the eight key points to look for when cashing a personal check; and.*
7. *tell how proper identification is verified.*

Check Cashing

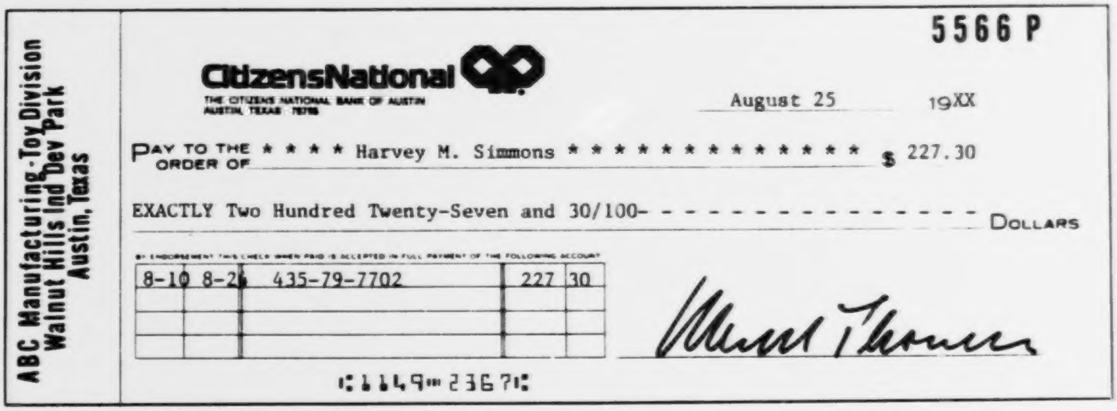
Handling checks is a special cashiering function. America is rapidly moving toward becoming a "cashless" society. Since cash can easily be lost or stolen, most people today prefer to use checks or credit cards. However, since most purchases in a C-store are fairly small, cash is still the major method of payment. Supermarkets and other food outlets have had to become a type of bank, with sizable check cashing operations. At present, C-stores have not had to offer this kind of service. Some isolated store units may have a sizable check cashing operation. Also, check cashing may be predominant in some neighborhoods, depending on the kind of market served.

A check is a legal instrument that directs a particular bank to transfer money from one account to another. If a person writes a check for fifty dollars, it is the same as a fifty-dollar bill in terms of value and money. Therefore, check cashing is a serious cashiering function, one that requires you to follow store rules and to use good judgment. Most stores that accept checks have a number of losses. These losses come from (1) overdrawn accounts, (2) accounts that have been closed out, and (3) worthless checks written with the intent to defraud. Regardless of the intent of the check writer, a loss is still a loss. Not only does the store lose the value of the merchandise purchased and its net profit, but it also loses any cash given back in change.

Types of Checks

Payroll checks may be quite large since they may represent one week's, two weeks', or a month's wages. Your store has rules on the maximum amount of a payroll check it will accept. A payroll check should not be accepted unless it is drawn on a local firm that is well known in the community, and drawn on a local or area bank (fig. 1). The best assurance is for you to know the individual and the firm on which the check is drawn, and to require proper identification on the person who cashes the check.

Personal checks are the most common type accepted (fig. 2). Most C-stores require (1) proper identification, (2) check drawn on a local bank only, (3) the person lives in the neighborhood or in that area of the city, and (4) check written for amount of purchase



ABC Manufacturing-Toy Division
Walnut Hills Ind Dev Park
Austin, Texas

5566 P

CitizensNational
THE CITIZENS NATIONAL BANK OF AUSTIN
AUSTIN, TEXAS 78765

August 25 19XX

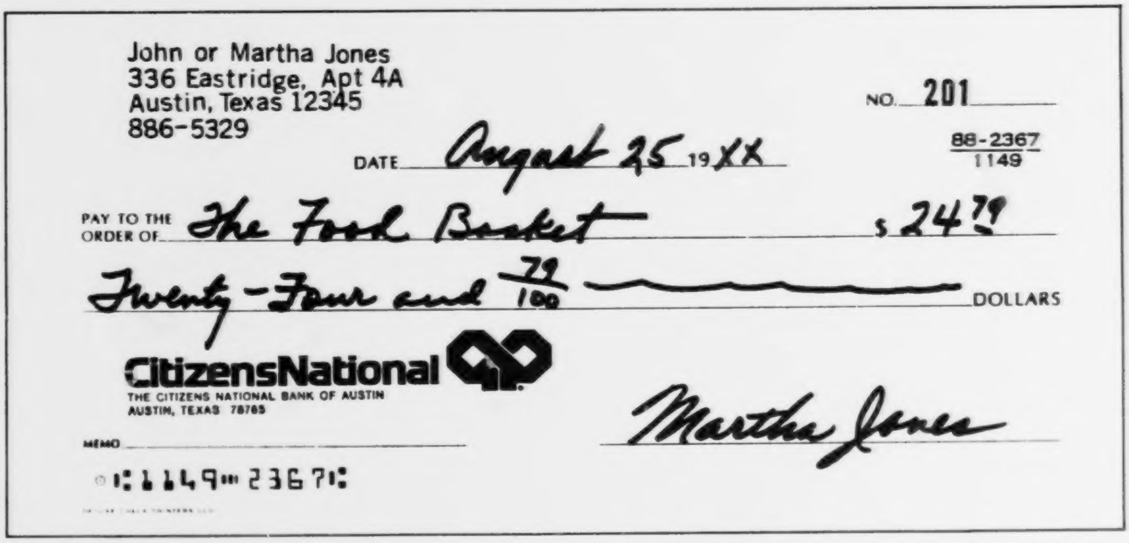
PAY TO THE ORDER OF * * * * Harvey M. Simmons * * * * * * * * * * * * * * $ 227.30

EXACTLY Two Hundred Twenty-Seven and 30/100- - - - - - - - - - - - - - - DOLLARS

8-10	8-26	435-79-7702	227	30

⑆1149⑈ 2367⑆

Fig. 1. A payroll check



John or Martha Jones
336 Eastridge, Apt 4A
Austin, Texas 12345
886-5329

NO. 201

DATE August 25 19XX

88-2367
1149

PAY TO THE ORDER OF The Food Basket $ 24 79/

Twenty-Four and 79/100 —————— DOLLARS

CitizensNational
THE CITIZENS NATIONAL BANK OF AUSTIN
AUSTIN, TEXAS 78765

MEMO

Martha Jones

⑆1149⑈ 2367⑆

Fig. 2. A personal check

only, or for no more than $10 over the purchase amount. Your store has very strict rules on accepting personal checks.

Two-party checks are not usually acceptable. A two-party check is a personal check drawn on one individual's account and made out to another individual. Although you may have proper identification on the person cashing the check, you have no way of knowing if the account on which it is drawn is valid or not. Also, a check made out to two different people, such as "George and Mary Jones," is not acceptable because it requires the endorsement of both persons. One person cannot cash a check that partially belongs to another person.

U. S. government checks are easily identified by their unique color and form. You don't have to worry about the maker of the check or whether there is money in the account. What you must do, however, is make sure you know the individual cashing the check or have very good identification. Most government checks are for (1) income tax refunds, (2) social security payments, or (3) payroll checks for government employees. Again, most C-stores will have a limit on the amount of check they will cash, and positive identification requirements.

Traveler's checks are usually safe to accept. A traveler's check has the denomination or value of the check printed on the front side. There are two lines for a signature—one at the top and one at the bottom. The bearer of the check signs on the top line at the time the check is issued. When it is cashed, the person signs at the bottom. Then you simply compare the two signatures to make sure they are identical. To avoid fraud, (1) never accept a traveler's check that already has two signatures. You must see the person make the second signature. (2) Ask to see additional identification such as a driver's license or credit cards. (3) Make sure the person dates the check and makes it out (or use your store's stamp) on the payee line. Never put a traveler's check in the register drawer that has not been dated and made out to the store. For additional safety, use the store's stamp to endorse it on the back.

Money orders made to an individual are acceptable provided you have proper identification from the person to whom the money order is made. Since a money order is written out by hand at the time it is purchased, you should note the maximum value punched in along the top or side of the check. This prevents anyone from changing the written amount.

Manufacturer's rebate checks are usually acceptable. Many companies send a rebate check in return for a proof of purchase. It is made out to an individual and is usually for a small amount—seldom more than $5 or $10. A rebate check is acceptable as long as (1) it comes from a well-known company, (2) it is endorsed by the individual, and (3) it does not violate your company's policy for acceptance. Usually, you should accept rebate checks only on products that your store stocks and sells. Some stores have a policy that these can be used only as a coupon—that is, redeemable only on like products.

Key Points in Accepting Checks

All checks accepted must have the **name and address of the bank or institution,** along with the **MICR code** at the bottom which also includes the account number (see fig. 2).

Most checks today have the **maker's name and address and telephone number** printed on the face of the check. A person who has just opened a new account at a local bank will have temporary checks that do not have that information. Temporary checks can be obtained easily, so you must follow your store's rules on accepting this kind of check and on the identification required.

Each check should have a check **number** in the upper right-hand corner. A low number like "105," "201," or any low three-digit number usually indicates a new account. Treat it the same as a temporary check. A four-digit number usually means the person has had the account for a fairly long time, and the check is usually safer to accept.

Each check has a blank line for the **date.** The person must use the present day's date. Never accept a postdated check—one dated two or three days in advance. That means there is no money in the account at this date, and it is technically an illegal check. A check is only valid for 30 days.

The payee line should have your **store's name** written in. If left blank, immediately stamp your store's name on that line. Never put a check with a blank payee line in the register drawer. It is the same as cash and be cashed by anyone if it should be stolen or lost.

Next to the payee line is the **numerical amount line** with a dollar sign in front. The amount written in must be legible. If it is not, ask the person to write another check.

Under the payee line is the **written amount line.** The written amount and the numerical amount must agree exactly. A bank will not honor a check where the two amounts disagree.

The **signature** must be legible and must be the same as the name printed at the top of the check. Suppose the printed name says "George or Martha Jones." Either George Jones **or** Martha Jones can sign that check.

Require **positive identification.** The only good identification is that which bears a picture, a name and address, and a signature. A driver's license or a security badge from a local company is good. A social security card is not good since these are easily lost and signatures forged. Compare the signature and address with those on the check to see if they are the same. If the addresses are different, write the new address and telephone number on the back or face of the check. Write the driver's license number on the face of the check.

When a person has moved so that the addresses are different, it is best to require additional information and identification. Ask for the bank credit cards, such as MasterCard, Visa, or American Express. Ask for other well-known credit cards, such as Sears, Ward's, J.C. Penney's, or any well-known local store.

Finally, most stores today have a **check verification register** from the local merchant's association or credit bureau. It lists recently closed accounts, overdrawn accounts, and individuals with a record of worthless checks. Look in the register to make sure that the account, bank, and individual are not listed.

Make certain that you **follow your store's rules** on accepting checks and the amounts for which they are written. Even with the best of precautions, you will still receive worthless checks and have losses from those that are never redeemed. You can't be too careful or too cautious. The best assurance is to know your customer.

After accepting the check, immediately **endorse it** on the back with your store's stamp before placing it in the register drawer. This is the only way to make sure that no one will cash it if it is lost or stolen.

Credit Card Sales

Many C-stores sell gasoline and accept company credit cards for gasoline and related auto products sales. Some will accept limited numbers of products on a credit card invoice other than gasoline and motor oil. Most will not accept food purchases on a credit card invoice. You must, of course, follow your own store's rules regarding credit card purchases.

1. Check the credit card against the list of expired and unpaid accounts that the company has closed. Many stations require the customer to give the credit card before pumping the gas. This gives time to check for validity against the company roster.
2. Make out the credit card invoice, writing in the gallons, price per gallon, and total sale. Add or write in additional merchandise that is acceptable. Total the full amount on the invoice.
3. Place the invoice on the credit card imprinter, and imprint the person's name and account number. Write in the day's date, and get the person's license plate number and state of issuance.
4. Have the customer sign the completed invoice, and give the customer his or her copy. File the store copy in the proper place.

Some stores may accept bank credit cards for purchase of both gasoline and certain products, including prepared foods. The bank credit card invoice and imprinter are done the same as the gasoline credit card. Verify the card account first to make sure it is valid. If the purchase is for more than $50, you must get full authorization from the company. There is a number to dial to get verification. If you fail to do this and the account is not paid, your company has no recourse for recovery.

Bottle Returns and Other Transactions

Bottle returns are handled in various ways by different stores and companies. In some stores, the bottles are checked by a cashier and registered separately as a "credit" or "refund."

In many stores, the bottles are kept by the customer until checkout time. Then they are counted, and the amount of refund is figured and subtotaled on the register. After the other purchases are checked, the subtotal refund is deducted from the total bill. It may be registered as "credit" or "refund," according to the register equipment.

Some stores issue a credit refund slip with the amount and purpose. This is handed to the cashier who places the credit slip in the register after the reduction has been taken from the total sale. In this manner, the change drawer and total sales will balance after deducting all the refund slips.

Merchandise refunds are usually permitted provided the customer shows the register receipt to prove the product was bought at your store. The customer should have a good reason for the return. If the product is spoiled, damage, or unsatisfactory to the customer, it is generally accepted for either an even trade or a refund.

Like bottle refunds, merchandise returns are handled differently by each company. Unsatisfactory, spoiled, dented, and damaged goods are most often returned to the vendor for credit by the company. These are kept in a separate place in the stockroom and returned when the next delivery is made. Items that are damaged by store personnel, such as by improper box opening, or that remain on the shelf too long should be removed and recorded on the markdown book. All refunds, returns, and spoiled/damaged items should have a proper credit slip or accounting method. If they don't, it shows up as a shrinkage problem in inventory.

Some stores offer an additional service of writing money orders. There are several companies that offer a commission fee, or the store may have its own money order system. A money order is similar in many respects to a traveler's check, or a cashier's check drawn on a bank. The money order is a check made out to a company or individual for a specific amount. The check is numbered and recorded. The individual pays the full amount of the money order plus a fee. When the money order is cashed, it comes back to the store for payment on demand. These may be handled through a bank exchange system or through the main office of the C-store.

Some stores may receive utility payments from customers. The local utility company may either pay a commission for this service, or the store may charge a service fee. There is a strict procedure for accepting and recording payments. The customer must bring the full utility bill. After payment is made, the customer's part is returned with "paid" stamped on it. The other part is given to the utility company along with the payment. A ledger of each payment is kept, recording the customer's name, account number, and amount of payment collected. Normally, stores with this service make one payment to the utility company during a particular period, sending in the customers' bills and one check for all payments.

Questions

1. Why is check cashing a serious cashiering function?
2. Where do losses on checks come from?
3. What are the standard precautions in cashing a payroll check drawn on a firm?
4. What are the standard guidelines for cashing a personal check?
5. Why do most stores refuse to cash a two-party check?
6. What precautions are to be observed in cashing government checks?
7. A traveler's check has what built-in security device?
8. List the eight key points to look for when cashing a personal check.
9. What are the standard procedures for verifying the identification and validity of the account on a check?

Project

What are the specific rules your store has for cashing checks? What identification is required? What is the maximum amount you are permitted to cash? If you accept either gasoline credit cards or bank credit cards, list the procedures you must follow for verification. How do you handle bottle returns in your store? How are they registered, and what kind of credit voucher do you issue for returned bottles? Does your store accept utility company payments? If so, what procedures must you follow in accepting payment? Prepare this as an written report, and attach to this unit.

7

Personal and Store Security

Objectives: *When you have completed this unit, you should be able to—*

1. *explain the difference between* ***burglary, robbery, shoplifting,*** *and* ***theft****;*
2. *name five things a burglar looks for when "casing" a particular store;*
3. *specify precautions an employee should take during a robbery;*
4. *tell what a store can do to lessen the opportunity for robbery;*
5. *explain what can be done to help deter shoplifting;*
6. *describe the specific rules and regulations of the store where you work concerning your behavior during a robbery.*

Terms to Know

burglary—the taking of money, merchandise, or property from a store after breaking and entering.

robbery—the taking of money, merchandise, or property from a person by force or threat of physical violence.

shoplifting—the taking of merchandise from a store without paying for it by a customer or nonemployee.

theft—the taking of money, merchandise, or property from the rightful owner.

apprehend—to stop a person inside or outside a store on the suspicion of taking money or merchandise. It is not an arrest, which must be done by a law officer. Apprehension involves asking the person to come back voluntarily for questioning and possible search of the person's property. An arrest can be requested by store personnel if they believe they have sufficient evidence of any type of theft.

case—a slang term that refers to the act of visually inspecting a business to see if it is a likely target for a break-in or robbery during business hours.

full-view mirror—a convex-shaped mirror that gives a wide-angle (180°) view; usually placed at the ends of aisles; also known as a wide-angle or super-wide-angle mirror.

C-stores have many sources of losses. Bad checks, shoplifting, employee theft, burglary, and robbery all contribute to large losses that eat into profits. Of even greater concern is the possibility of serious injury (or even death) to both store employees and customers. This unit will stress that **prevention** is the best deterrent against all types of losses and the risk of personal injury.

Burglary Prevention

Burglary is the legal term for unauthorized entry into a house or business with the intent to take property. A burglary occurs when the store is closed for business and no one is present. Those stores that do not operate 24 hours daily can be a target for burglary.

A burglar will "case" a particular C-store that looks like an inviting target. The burglar looks for several things:

1. A safe, cash register, and large sums of money that may be left behind while the store is closed.

2. Any property that is fairly small and can be quickly disposed of for money, such as adding machines, calculators, television sets, guns and ammunition, jewelry, small microwave ovens, radios, blank checks, and check imprinter machine.
3. A store that has poor lighting both inside and out.
4. Outside windows without protective bars or grates, skylights on the roof, high bushes or fence in back of store, fire escape ladder, wooden outside doors, poor visibility around sides and back of store building.
5. No evidence of any alarm system.

Burglars will not waste their time nor the risk of getting caught if they detect adequate security measures. There are too many places to burglarize that have inadequate security. Burglars prefer to work in the dark. If the store exterior and interior are well lighted, the chances are good the burglar will go elsewhere. If the store has a safe, it should be near the front windows and be well lighted. The safe door should be left open if nothing valuable is inside. This tells the burglar at a glance that no money is left there overnight.

The cash register should be near the front entrance and well lighted. The cash drawer should be left open at night. This shows that no money is there. It also prevents damage to the register from a pry bar or other tool the burglar would use.

External security

Figure I shows some of the measures that will prevent an easy burglary. First, all outside areas, both front and rear, should be lit at night. An alarm system should be prominent. No outside windows on the side or back should be without burglar bars, metal grilles, or heavy mesh screen for protection against entrance. The rear doors should be steel and should be barred and locked at night. There should be no bushes, large trees, or high fences immediately behind the building, or anything that would make it easy to hide in the dark.

The roof should have no easy access to the inside. Examine skylights, ventilators, rooftop air-conditioning units or any place where a burglar might enter the store from above—and be unobserved. Never leave ladders or ropes around that would help a burglar get up on the roof. Make sure any outside fire escape has the bottom section at least 7 or 8 feet above the ground.

Internal security

Mark all electrical and electronic equipment with the store's name using an engraver to etch letters and numbers where they cannot be easily erased or removed. Record all serial numbers, and keep them in a safe place so they can be given to the police in the event of a burglary. Never write down a safe's combination anywhere inside the store. If the safe is to be secure, the dial should be rotated several times after locking to prevent any chance of opening. Some people get in the habit of setting a combination on all but the last number so that it can be opened quickly the next day. All a burglar has to do is turn the dial slowly until the last number "clicks" into place, and the safe will open.

Any small, valuable merchandise should be locked or hidden in a safe place out of sight. Post signs around the property that announce that no cash is left in the store at night. Make sure the outside doors are locked securely and that all locks are working properly. It is a good idea to change lock combinations often, particularly if there is high employee turnover. The store does not have to buy new locks—simply have a locksmith change the tumblers and cut new keys. Key security should be rigidly enforced inside the store and with all employees.

The best burglary prevention is **plenty of light** and to make the risk as uninviting and unrewarding as possible. If all evidence shows potential burglars that good security measures are enforced, the risk is high enough to cause them to go somewhere else.

Robbery Prevention

Burglary is a serious loss to a business, but robbery presents an even greater personal threat. An armed robbery has the potential for personal injury to you, the employee, as well as any customers who may be in the store or out front. The same rules for burglary prevention apply to robbery prevention. A robber will be less likely to hit your store if it looks like good security measures are in force. The more light you have inside and outside, the less likely that a robber will try anything.

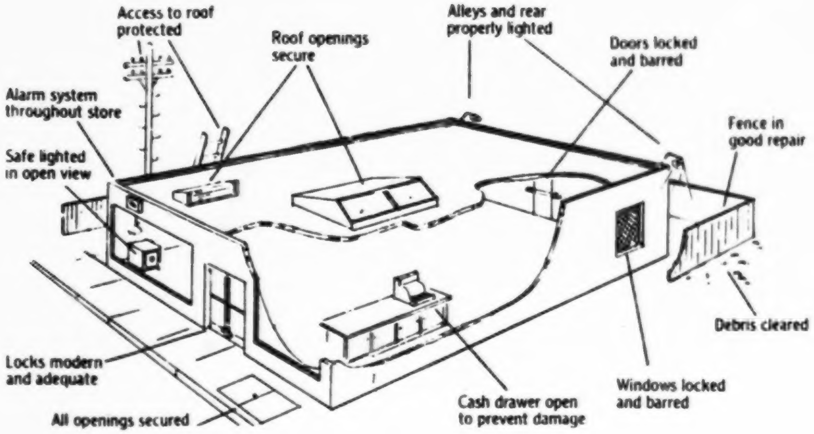

Access to roof protected
Roof openings secure
Alleys and rear properly lighted
Doors locked and barred
Alarm system throughout store
Fence in good repair
Safe lighted in open view
Debris cleared
Locks modern and adequate
Windows locked and barred
Cash drawer open to prevent damage
All openings secured

Fig. 1. Burglary prevention measures. (Courtesy of Sports Retailer, published by National Sporting Goods Assn., Chicago, Illinois)

A robber is interested only in money and small valuables that can be quickly converted to cash. Merchandise is not the robber's objective. A robber must do two things to be successful: (1) enter and leave quickly and (2) be unidentified. Anything you can do to aid quick exit and keep calm is in your favor. In other words, don't do anything to slow down or excite the robber. Obey the robber's commands quickly and cooperatively. Here are things you can do to prevent a robber from selecting your store as an easy target.

1. Remove money from the cash register often during the day, and keep only a minimum of cash on hand. Make bank deposits often during the day and evening. This should be done on an irregular schedule. Also, vary the routes, the cars you use, and, if possible, the employees who make the deposits. Don't make deposits on a regular schedule as it invites someone to follow and rob you on the way. Display signs prominently to announce that no cash is kept overnight or that employees have no access to the safe.

2. Never leave cash out in open view. Careless handling of money invites someone to think that plenty of money is lying around. When making a deposit, do not stop on the way to the bank, and do not leave a deposit bag lying on the seat beside you. Keep it out of sight. While you are stopped at a traffic light, someone can force his/her way into your car.

3. Keep cash and checks separated. If a robber takes both, the checks will be destroyed and are a total loss to the store. If you keep them separated, the robber will take only the cash since the checks are of no value. The store will at least retain that much of its cash assets.

4. If you must return to the store after it has closed, or if you are called to report to the store after closing hours, you should notify police at once. Keep your eye open and alert to anyone who loiters around the store or remains inside but is not making any selection or purchases. A C-store should have at least one telephone available that is not in sight of customers. Slip away and make a call to the police that you have a suspicious person inside the store or loitering outside.

5. Keep "bait" money in the register drawer. A "baited" bill is a marked bill whose serial number has been recorded. These few bills are kept inside and may be helpful in identifying and apprehending the robber later on.

6. Keep strips of colored tape at places inside the store as height markers. For example, on the front entrance door frame, place several strips of tape in different lengths—5 feet; 5 feet, 4 inches; 5 feet, 8 inches; 6 feet; etc. These will give you a good measure of the person's height as he or she leaves the store. Most people have difficulty judging a person's height.

7. Keep a silent alarm button by the register. It should be located where knee pressure or toe pressure can activate the alarm somewhere else—usually at the police station. No audible alarm should be heard as this will only excite the robber and lead to greater danger. Remaining calm, cool, and responsive to commands is the greatest assurance of personal safety.

8. Make yourself observe everything you can about the robber's person—hair color, clothing and color, skin color, noticeable tattoos or scars, speech, jewelry on hands or arms, direction headed when leaving, on foot or in a car, type of car, color, license number, or anything unusual you may have noticed. Immediately after the robber leaves, call the police and begin jotting down your observations. Check to see if customers in the store may have been robbed or injured. Close the doors, keep anyone from touching anything near the front, and maintain security until police arrive.

9. A camera mounted above the cashier stand is a great deterrent. The robber has no way of knowing if the camera is recording the scene or not and where it may be monitored. Most robbers are not willing to take the risk. A camera is also a great deterrent to shoplifting.

How you act while the robbery is in progress is of utmost importance. First, do exactly as the robber commands. If you hesitate or make a suspicious move, you invite being shot. Don't try to be funny or make "smart" remarks as these only aggravate a person who is already nervous and under extreme tension. Give the robber the money asked for, but don't volunteer anything extra. Observe everything you can, but don't be obvious about it. The robber is trying to avoid recognition and identification. Note the type of weapon—pistol, rifle, shotgun. Is it bright colored or dark? Is it an automatic or revolver? Is there an accomplice inside the store or waiting in a car outside?

Remember that your own personal safety depends largely on your own actions.

Helping Reduce Shoplifting Losses

A loss is a loss regardless of who does it or how it is done. C-stores are inviting targets for shoplifters. Shoplifting is generally defined as a theft of merchandise by a customer or nonemployee. A theft of money would be robbery or burglary. Shoplifters purposely take merchandise and keep it on their person until after they leave the store without paying for it. A shoplifter may purchase other items, but have some items that are hidden and not paid for.

Shoplifters can be anyone. There are no age, sex, or income restrictions. Anyone in your store has the potential to shoplift but that does not mean you should view everyone with suspicion. As with burglary and robbery, **prevention** is the best deterrent to loss through shoplifting. You can do a number of things to help deter potential theft by removing the opportunity.

One reason why C-stores are good targets for shoplifting is the fact that they are self-service and have only one or two employees in the store at one time. If the store has only one clerk, and he or she is busy checking out another customer, it is easy for a shoplifter to go out the front door unobserved or unnoticed.

1. The best way to prevent shoplifting is to **be alert and observant all the time.** A favorite trick of shoplifters is to distract attention away from the theft at the time it happens. Many work in teams or pairs. One person distracts the clerk's attention while the other hides merchandise on the body or in a sack or handbag. Be alert when two people enter the store at the same time and one stays near the front while the other shops. Be alert when two or three youngsters enter the store and seem only to be looking around without buying anything.

2. Be observant of anyone who appears to be intentionally out of the clerk's line of sight. Shoplifters are seldom smooth and subtle in their actions. Most will look around to see if they are being watched. This is a tipoff that the person is at least thinking about the action. Many stores now have the full-view 180 mirrors at the end of each aisle so the clerk on duty can see what is taking place at the far end of the aisles and counters.

3. Keep small items near the front and in easy view of the checkout counter. Candy, gum, cigarettes, batteries, jewelry items, electronic goods, film, and similar items need to be near the front. Health and beauty aids are generally small in size, and some are expensive. These need to be displayed where they can be seen from the checkstand.

4. Greet each person who enters. Recognition and awareness of people in the store is not only good customer relations, but also a deterrent to shoplifting. The clerk's awareness of who is inside often keeps a potential shoplifter from making the attempt.

5. When you observe a person who acts suspicious or seems to be avoiding being seen, approach the person and offer assistance:
   - "Are you finding what you need?"
   - "Is there something in particular you are looking for?"
   - "Do we have the brand you are looking for?"
   - "May I help you find something?"

6. Be particularly observant of anyone entering who has a parcel, sack, extra large handbag, shopping bag, or magazine rolled up. Even an umbrella on a rainy day makes a good hiding place for merchandise. So does a raincoat over the arm. Many stores have rules about persons entering with parcels or notebooks and magazines. These should be checked at the checkout area while the customer shops. Again, follow your store's particular rules about this.

7. School children who stop in for quick snacks or video games on the way to and from school need observation. This is particularly true when they are in small groups. Notebooks, lunch boxes, and books make good hiding places. Don't allow children to loiter inside the store. If they are not buying, they have no reason to be in the store. Free magazine reading should not be permitted. Most stores that have video game rooms have these separated so that players have no immediate access to merchandise or counters.

8. Stores that have a high-risk shoplifting problem may use an internal warning system. One clerk observes customers from behind the scenes, using small openings in walls or one-way mirrors, or simply watches from a vantage point. When a person is observed

shoplifting, the clerk goes to the checkout counter to check the purchase of that customer. Or the observing clerk may alert the checkout clerk with a code statement such as "the Del-Monte order just arrived."

Each store has different rules about handling a person who is suspected of shoplifting. Technically, the person has not stolen anything until he or she is outside the store. If you know the person dropped an item in a pocket or handbag and did not present it for payment, you can simply say, "Did you wish to pay for the package of gum?" That allows the person to pay and avoids your having to apprehend the person outside. It also tells the person that he or she is being observed and that your store is not a good place for shoplifting.

Follow your store's specific rules on apprehending, accosting, accusing, and causing the arrest of a suspected or known shoplifter. Most cities today have tightened their rules about shoplifting and prosecution of those cases. You must be careful in the way you detain and confront a suspected thief on store property. Since most stores have rigid rules about it, you must know what you can, cannot, and should or should not do.

Summary

C-stores can expect a reasonable profit only if they can control losses. Losses through negligence, poor recordkeeping, poor merchandising, and excessive expenses can be detected and corrected. Losses that are not recovered are caused by (1) shoplifting, (2) employee theft, (3) burglary, and (4) robbery. Additional losses come from bad checks that cannot be collected, but good check cashing policies can help control these.

Uncontrolled losses can be greatly reduced by following store rules and procedures. First, operate a good store. Make the store secure inside and out with good lighting, good locks, and properly secured doors and windows. Second, operate a well-kept, organized, and friendly store that observes people and takes note of what is going on. Use all the precautions recommended to reduce the risk of burglary, robbery, and shoplifting.

Be alert and be aware. People who may be "casing" or checking out your store for a prospective burglary or robbery are less likely to take the risk if you are following all the rules and know what is going on around you. Reduce shoplifting by taking away as much opportunity as possible. It is far better to take away the opportunity than to have to apprehend someone. Word gets around. If you are alert and aware, the chances are greater that thieves will avoid your store.

If you are the victim of an armed robbery, you can reduce personal risks to yourself and customers by—

1. being as calm and cool as possible;
2. doing exactly what robber tells you to do;
3. not acting suspicious and nervous;
4. not trying to delay the robber's exit from the store; and
5. not trying to play a hero's role and taking chances.

Notes

Information in this unit was taken from:

Lipman G. Feld, "Physical Protection," Sports Retailer, April 1983.

Phillip A. Ruppel, "Internal Theft," Sports Retailer, April 1983.

Shirley Guttentag, "Photo Surveillance," Sports Retailer, April 1983.

The Convenience Food Store: Personnel and Operations in a Profitable Relationship, Units 5-6, The Quaker Oats Company, 1970.

James Huckabee, "Planning a Strategy for Loss Prevention," NACS Executive Development Seminar, Atlanta, Georgia, May 1976.

S. E. Trieb, "Manager's Walk-Thru Security Survey," Shoplifting Prevention Clinic, NACS, Atlanta, Georgia, 1974.

Questions

1. Name five things that a burglar looks for when "casing" a particular store.
2. What is the best preventive measure against a burglary?
3. Why is robbery far more serious than burglary?
4. What should you do to avoid injury during a robbery?
5. Name ten things that can be done to lessen the opportunity for robbery.

6. Distinguish between **burglary**, **robbery**, **shoplifting**, and **theft**.

7. Name eight things that can be done to help deter shoplifting in a C-store.

8. After having read the entire unit, explain what is meant by the statement that "prevention is the best deterrent against all types of losses."

Project

List the rules and regulations your store has given you concerning your behavior and response during and immediately following a robbery. What devices, equipment, and special items have been installed in your store to deter robbery, burglary, and shoplifting? Prepare this as a written report, and attach to this unit.

8

The Stockkeeping/Merchandising Function

Objectives: *When you have completed this unit, you will be able to—*

1. *discuss the recommended procedures for (a) ordering items, (b) receiving orders, (c) opening cartons, and (d) shelf stocking;*
2. *define merchandising, as used in this unit, and tell how it is learned;*
3. *describe six guidelines for making merchandising decisions in a C-store; and*
4. *describe the procedures used in your store for basic stockkeeping and merchandising duties.*

Terms to Know

overstock—to order more merchandise than can normally be expected to sell until the next shipment arrives.

understock—to order insufficient quantities to meet expected sales demands until the next shipment arrives.

shelf-facing—the number of units of a particular product that actually face the customer on the shelf; measured by width and height of the stacked units.

OSD form—a standard form used to report over, short, or damaged goods on a delivery.

salvage—any food item or product or material that can be reused and sold or has some value.

trash—products or materials that have no value or are spoiled or damaged to the extent they are no longer usable and should be thrown away or destroyed.

shrinkage—losses that occur from stock that is neither reported nor recorded for accounting purposes. Shrinkage is measured by taking physical inventory and comparing it to the book or accounting inventory on the records. Causes of shrinkage are theft, shoplifting, poor stockkeeping and merchandising records, and not accounting for price reductions, losses, and damaged or spoiled items that must be trashed.

POP or POS—point-of-purchase or point-of-sale display; a display unit that puts merchandise at or near the checkout stand.

turnover—the number of times an item is sold during a certain period of time; same as **stockturns**.

Basic Stockkeeping

Most of your basic stockkeeping duties in a convenience store involve (1) ordering items, (2) receiving orders, (3) opening cartons, (4) price marking, (5) shelf stocking, and (6) processing damaged and returned goods for credit. Each store has slightly different procedures, but generally they do much the same thing.

About half the items carried by a C-store are classed as grocery items. This includes all canned and boxed dry foods, soft drinks, tobacco, and confectionery items (candies and gum). The standard items are listed on a basic grocery stock list. The list serves as an inventory sheet, reorder form, and price list. Depending on sales and customer traffic, inventory and reorder may be done daily, every other day, or at least weekly.

A basic grocery list is usually alphabetized. It may be in any order to suit the requirements of the company. It lists each specific item by product name, brand name, size or quantity, unit per case or package, and cost price/selling price per unit. For example, a listing may look like this: _______ Evap. milk, Pet, 4½ oz. 48/ctn 0.21/0.29 ____OH____ ____OO____ The listing has a column for on-hand number (OH) and number on order (OO). Many chain stores have a recommended reorder count. In other words, when the stock level reaches a certain number, an automatic reorder is given (see fig. 1). These are fast-moving items and ones that you do not want to be out-of-stock on as they are basic or staple goods.

In most stores, a clerk goes down each aisle and checks off items as they appear on the list. In this way, no items are overlooked. If you only go by the items on the shelf, you may omit one because it is currently out-of-stock.

Ordering items

A C-store's profit is gained through rapid sales of basic items and having only enough on hand at any one time. Overstocking needlessly ties up working capital, and a C-store does not have room to store large quantities of reserve stock. Normally, a quantity is ordered that can be put onto the shelf and limited to that space.

A store's counter or gondola is lined off in shelves. A shelf will hold only so much stock. Each item that goes on a shelf has a limited amount of shelf space. This amount is called **shelf-facing**, which is the number of items that face the customer. For example, 1 10.75 oz. can of chicken soup may have a shelf-facing of **12**. This means the front row is four cans wide and three cans high. The stack may be six rows deep, but these are not counted as shelf-facing.

In figure 2, the cake mix has a shelf-facing of eight. The shelf space will hold six times that number, or 48 count. If they come packed 48 boxes to a carton, the entire carton could be put in that shelf space. Studies have shown that customers will buy more and faster from well-stocked shelves than from those that are half-empty. So, ordering enough of each item becomes very important. Personal judgment must be used to avoid either overstocking or understocking.

Special conditions will affect how much you order. You must know what special promotions are coming up and what items will be promoted. It does little good to promote and not have enough stock to fill the orders. You may note that, on certain days of the week and certain weeks of the month, some items have increased sales. Your reorder must reflect customer buying habits as well as special promotions.

Receiving orders

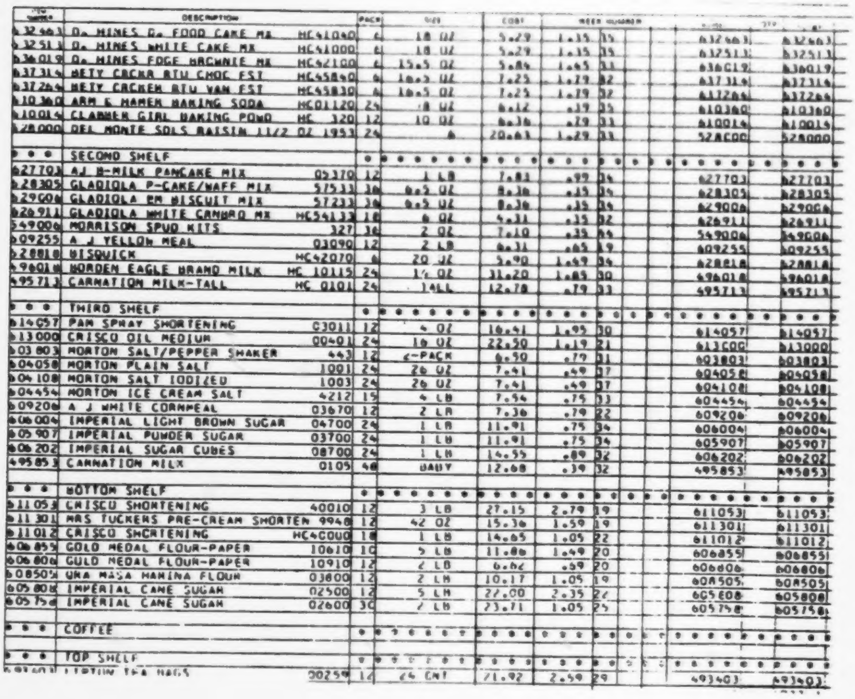
When a delivery of merchandise arrives, it must be checked in and inspected carefully. **You must never assume that everything is in order and correct.** An order of merchandise has a delivery ticket and an invoice. You first check the number of cartons of each item to make certain the count is exact. You then check the contents to make certain it has the number of units inside, that they are the exact size, content, package, and brand name as ordered and as specified on the delivery ticket and invoice.

Your next check is make sure that cartons have no visible signs of damage or damaged contents. Assume you open a carton of canned peaches. You notice that one can is puffed on the ends and shows signs of leakage that have spoiled the label. The contents are obviously spoiled, and the can is not salable. You must note this on the invoice later so that proper credit for damage can be made by the headquarters or home office staff.

Where vendors deliver and stock a rack of merchandise, you must be just as careful. Never let a vendor sales representative stock a shelf for you until you have checked the delivery of items and their condition. In the case of perishable goods that have a short shelf-life, make sure the dated goods are fresh and that no out-of-date items remain on the shelf or rack.

Opening cartons

There are many acceptable ways to open a carton or case of merchandise. Some stores use cartons and trays to hold the goods. Where this is the policy, the cartons must be



	DESCRIPTION		PACK	SIZE	COST						
632463	D. HINES D. FOOD CAKE MX	HC41040	6	18 OZ	5.29	1.35	35			632463	632463
632513	D. HINES WHITE CAKE MX	HC41000	6	18 OZ	5.29	1.35	35			632513	632513
636019	D. HINES FDGE BROWNIE MX	HC42100	6	15.5 OZ	5.84	1.65	31			636019	636019
637314	BETY CRCKR BTU CHOC FST	HC45840	6	16.5 OZ	7.25	1.79	32			637314	637314
637264	BETY CRCKER BTU VAN FST	HC45830	6	16.5 OZ	7.25	1.79	32			637264	637264
610360	ARM & HAMER BAKING SODA	HC01120	24	8 OZ	6.12	.39	35			610360	610360
610014	CLABBER GIRL BAKING POWD	HC 320	12	10 OZ	6.36	.79	31			610014	610014
528000	DEL MONTE SDLS RAISIN 11/2	OZ 1953	24	6	20.63	1.29	31			528000	528000
• • •	SECOND SHELF										
627703	AJ B-MILK PANCAKE MIX	05370	12	1 LB	7.83	.99	34			627703	627703
628305	GLADIOLA P-CAKE/WAFF MIX	57533	36	6.5 OZ	8.36	.35	34			628305	628305
629006	GLADIOLA BM BISCUIT MIX	57233	36	6.5 OZ	8.36	.35	34			629006	629006
626911	GLADIOLA WHITE CRNBRD MX	HC54133	18	6 OZ	4.31	.35	32			626911	626911
549006	MORRISON SPUD KITS	327	36	2 OZ	7.10	.35	35			549006	549006
609255	A J YELLOW MEAL	03090	12	2 LB	6.31	.65	19			609255	609255
628818	BISQUICK	HC42070	6	20 OZ	5.90	1.49	34			628818	628818
496018	BORDEN EAGLE BRAND MILK	HC 10115	24	14 OZ	31.20	1.85	30			496018	496018
495713	CARNATION MILK-TALL	HC 0101	24	TALL	12.78	.79	33			495713	495713
• • •	THIRD SHELF										
614057	PAM SPRAY SHORTENING	03011	12	6 OZ	16.41	1.95	30			614057	614057
613000	CRISCO OIL MEDIUM	00401	24	16 OZ	22.50	1.19	21			613000	613000
603803	MORTON SALT/PEPPER SHAKER	443	12	2-PACK	6.50	.79	31			603803	603803
604058	MORTON PLAIN SALT	1001	24	26 OZ	7.41	.49	37			604058	604058
604108	MORTON SALT IODIZED	1003	24	26 OZ	7.41	.49	37			604108	604108
604454	MORTON ICE CREAM SALT	4212	15	4 LB	7.56	.75	33			604454	604454
609206	A J WHITE CORNMEAL	03670	12	2 LB	7.36	.79	22			609206	609206
606004	IMPERIAL LIGHT BROWN SUGAR	04700	24	1 LB	11.91	.75	34			606004	606004
605907	IMPERIAL POWDER SUGAR	03700	24	1 LB	11.91	.75	34			605907	605907
606202	IMPERIAL SUGAR CUBES	08700	24	1 LB	14.55	.89	32			606202	606202
495853	CARNATION MILK	0105	48	BABY	12.68	.39	32			495853	495853
• • •	BOTTOM SHELF										
611053	CRISCO SHORTENING	40010	12	3 LB	27.15	2.79	19			611053	611053
611301	MRS TUCKERS PRE-CREAM SHORTEN	9948	12	42 OZ	15.36	1.59	19			611301	611301
611012	CRISCO SHORTENING	HC40000	18	1 LB	14.65	1.05	22			611012	611012
606855	GOLD MEDAL FLOUR-PAPER	10610	10	5 LB	11.86	1.49	20			606855	606855
606806	GOLD MEDAL FLOUR-PAPER	10910	12	2 LB	6.62	.59	20			606806	606806
608505	ORA MASA HARINA FLOUR	03800	12	2 LB	10.17	1.05	19			608505	608505
605808	IMPERIAL CANE SUGAR	02500	12	5 LB	22.00	2.35	22			605808	605808
605758	IMPERIAL CANE SUGAR	02600	30	2 LB	23.71	1.05	25			605758	605758
• • •	COFFEE										
• • •	TOP SHELF										
693403	LIPTON TEA BAGS	00259	12	24 CNT	71.92	2.59	29			693403	693403

Fig. 1. Typical automatic reorder sheet where items are arranged by counter and shelf. (Courtesy Independent Grocers, Inc., Abilene, Texas)

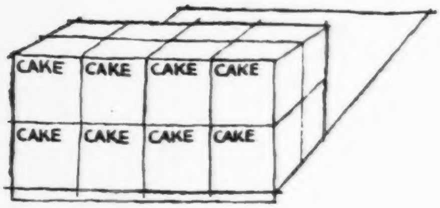


Fig. 2. Shelf-facing measures the number of units facing the customer from the shelf. (Courtesy Quaker Oats Co.)

cut to display the contents in the manner that the store specifies (fig. 3).

If the store uses the **tray-pack method**, the carton is cut all the way around on four sides, leaving a 2-inch margin from the bottom. The upper portion is removed and the canned or boxed goods are left on the tray.

Some stores use most of the carton for a shelf. The top of the carton is cut and removed. A deep V is cut in the front so that the contents are exposed. The entire carton is set on the gondola or shelf.

The **half-carton cut** is used when only half a carton of merchandise is put on the shelf at one time and when the items are displayed inside the carton. The side of the carton is slit halfway down and around the four sides, as shown in figure 4.

Where the items are marked and removed from the carton to be placed on the shelf, a **top opening** is all that is necessary. The carton top may be cut on three sides with a knife, or the top flaps torn open and peeled back. Some prefer to use an **X-cut** on the top, and peel back four pointed flaps. Use the method that your store recommends.

Whatever method is used, you must use care and good judgment in opening cartons. The contents can be easily damaged by making the wrong cuts and by cutting too deeply. For example, an entire carton of boxed dry cereal can be damaged by making knife cuts that slit each box inside. The same is true of any boxed goods or cello-wrapped items like pastas, dried beans, and fruit. Items damaged by store employees can receive no credit and must be written off as a loss--the same as if they had been stolen or shoplifted.

Price marking

Each store has different rules and procedures for price marking. Some stores have a guide that gives **suggested** retail price, based on the cost price. In other stores, the exact selling price is given on each item. Follow your store's recommended procedure for determining the selling price that is marked or stamped on each item.

There are many types of machines for price marking. Your job is to make sure that each item is clearly and legibly marked, and that the marking does not mar the container nor its labeling. If an ink marker is used, the ink must adhere to the surface and be legible. Some of the newer marking machines make preprinted labels that are self-adhesive and stick on almost any surface—glass, paper, cellophane, plastic, or metal (fig. 5). You must use care in setting the machine to print the correct price and to align the numbers so that they are easily read.

When putting up stock, a fast, efficient procedure is as follows: Cut or open the carton by the recommended method. Set or select the correct price to be marked on each unit. Price-mark each item on the top row. Remove these and place them on the shelf or in a display unit. Stamp or price-mark the next row, remove the items, and put them on the shelf. Do this a row at a time until the carton is empty.

Shelf stocking

A good procedure to follow in stocking shelves is this:

1. Remove existing items from shelf.
2. Clean shelf space with damp cloth and cleanser, if needed, or dust the space if it is not soiled.
3. Put new stock in first so it goes on the bottom and to the back.
4. Place old or existing stock on the front and top rows so it will be sold first. This applies to canned goods, bottled goods, all food items, and all nonfood goods. Stock rotation is an absolute necessity, and this is the best way and time to do it.
5. Make sure old stock is dusted and wiped clean if it shows signs of dust, dirt, or soil. Retape or reglue loose labels. Remove any can, bottle, or package where the entire label is missing. These items should be handled as salvage.
6. Finally, inspect all old stock to make sure the price labels are the same as those on the new stock just received. Never let the same items be on the shelf at the same time with different prices. If old stock is being separated to be moved out and has a different price, then it should be in a different location or displayer.
7. When prices are being changed, all existing prices must be either removed or marked out so that the new price is the only one that can be read. It is poor merchandising to stick one price label on top of another. It is too easy to peel off the top

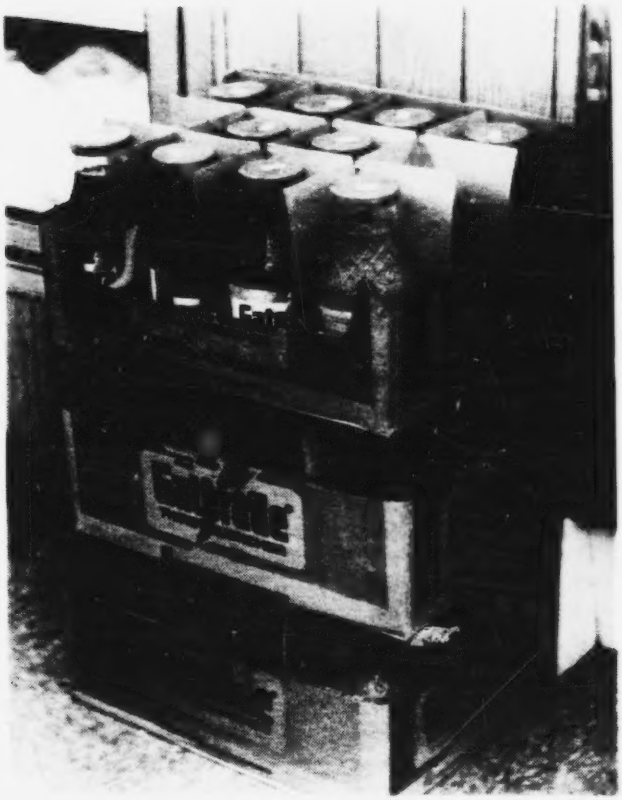


Fig. 3. Cartons cut for display and easy removal of contents. (Courtesy Town and Country Stores, San Angelo, Texas)

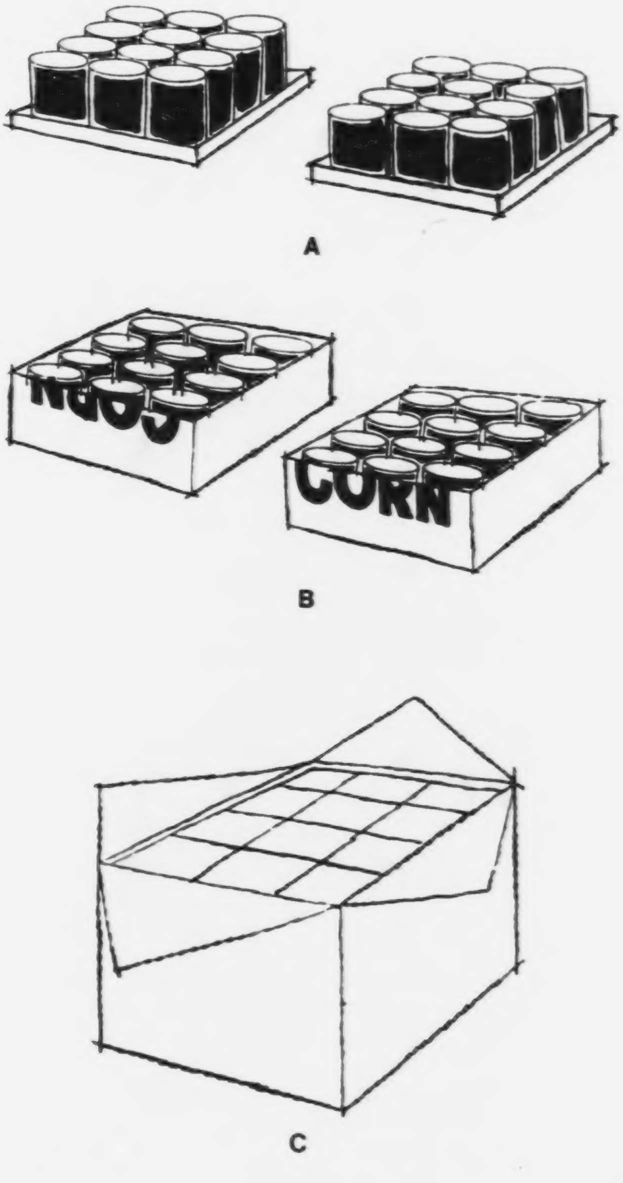

A
CORN
CORN
B
C
D

Fig. 4. Common methods of opening cartons: (A) tray, (B) half-carton, (C) X-top, (D) top opening. (Courtesy Quaker Oats Co.)

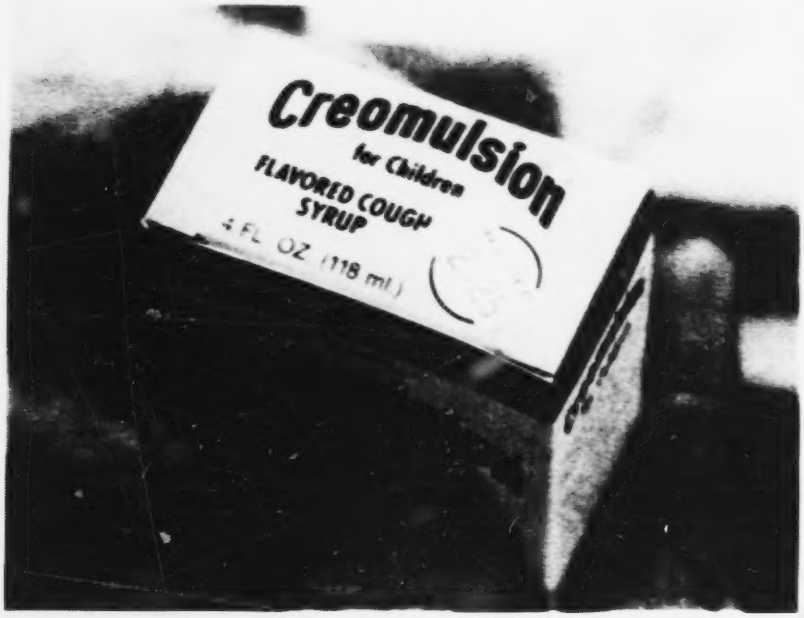

Creomulsion
for Children
FLAVORED COUGH
SYRUP
4 FL OZ (118 ml)

Fig. 5. Preprinted price tag placed where it is easily seen by customer and clerk. (Courtesy Town and Country Stores, San Angelo, Texas)

one. Follow your store's policy on removing or changing price signs.

Processing damaged goods and salvage

Each store has its rules and policies on handling damaged items, salvage, and outdated or spoiled goods. Each item represents an investment of the firm's money in inventory. If it is not properly recorded and disposed of, it shows up as "shrinkage," or an uncontrolled loss. The store should have records to indicate what merchandise was damaged, why, when, and how it was disposed of.

If goods are damaged in transit, or if the number of items is short that shown on the invoice, then a claim for the amount must be made. Most companies use a standard claim form known as an OSD (over, short, and damaged) form. It is filed with either the transport firm that delivered it or the vendor/supplier of the goods. These forms are processed promptly through your store's headquarters or main office.

When items become old, outdated, damaged or soiled, or simply ruined and spoiled from age, the loss belongs to the store. However, these kinds of losses need proper recording and reporting. They must be disposed of in the manner recommended or prescribed by your company.

First, remove all spoiled, damaged, outdated stock from your store's shelves. If it is simply old stock whose contents are still good or edible, put it in a special place, and mark it down in price to move it out. If the label is completely missing and the contents are not known, it can be sold at a greatly reduced price as "salvage." Some stores give such merchandise to charitable organizations and take a tax deduction. Second, if goods are obviously spoiled or damaged in such a way that they are no longer fit for human consumption, they must be disposed of as "trash." Even so, the items should be properly recorded so that the accounting will be accurate. A good example of the latter case would be a bottle of catsup that has a hairline crack in the bottle. It should be trashed because the contents are most likely spoiled and unfit for consumption. Canned goods with puffed ends or corroded side seams should be removed and trashed. Open boxes or bags that show insect or rodent infestation must be removed and trashed.

Perishable items like baked goods that are out of date can be sold as "day-old" goods and reduced in price. They should be recorded for markdown purposes so the shrinkage factor will have the proper accounting.

Basic Merchandising

"Merchandising" is the most difficult of all marketing terms to define. This is because almost everyone who uses the term has a different interpretation. For the purpose of this unit, **merchandising** is defined as "the right item—in the right amount—in the right assortments and varieties—at the right price—at the right time—and at the right place so it will produce the maximum sales volume needed to give the desired profit."

A C-store is very limited in sales space. It cannot have as much stock on the counters and shelves as a supermarket can. It cannot have the same variety and quantities. Every square inch of sales space must be wisely used.

Merchandising is something you learn from experience and from working with products. You acquire a certain "feel" for it. It is based more on good judgment than on clearly written principles and techniques. You learn merchandising by knowing your market, you customer's buying habits and changing moods, and by observing the movement and sales strength of stock in your store.

You also learn that nothing in retailing is static—that it is always changing. Merchandising must reflect changing trends, patterns, shopping habits, customer wants, community standards, and other trends that affect the selling of products and services. Many trends in retailing have been pioneered by C-stores. They are innovative because they have to be competitive. They have to create change so they can be profitable.

As an employee, you won't be making major marketing and buying decisions for your store. But you can begin learning the basics of good merchandising because you will need them when you become a manager or owner. Being alert and observing what your customers buy will help you greatly in learning what and how much to stock.

For example, suppose your store stocks three kinds of 12-ounce cans of soft drink. You observe that brand X outsells brand Y by a 3:1 margin, and brand Z by a 2:1 margin. If

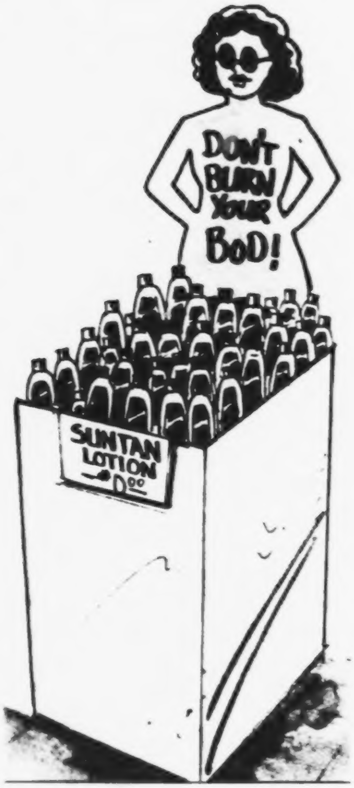

DON'T BURN YOUR BOD!
SUNTAN LOTION
D°°

Fig. 6. Point-of-purchase displayer. (Courtesy Progressive Grocer magazine)

you were stocking your cold case with soft drinks, how much space would you give to each of the three brands? Good merchandising dictates that you would give the greatest space to brand X and the least space to brand Y. You would be foolish to give equal shelf-facings to all three. You might also notice that on weekends brand X has an even larger percentage of total soft drink sales.

In another example, suppose that you stock four brands of shampoo in the HBA (health and beauty aids) area. One brand hardly sells at all, two brands have moderate sales strength, and one has an excellent volume. It would be good merchandising to replace the one slow-selling brand with the best-selling brand, doubling its shelf capacity and increasing sales and profit margins at the same time. What makes merchandising so exciting is noting that, while these various sales ratios are true right now, they will not remain so. New products on the market, a tremendous promotion or advertising campaign, or a shift in the customer makeup of your market will cause sales volume and popularity to change directions.

Many times a product's popularity will greatly improve by simply changing its position. For example, one store had a good assortment of skin care products, but the sales volume never measured up to expectations. The manager set up a dump display close to the checkout stand, put a bold sign and graphic design over the case, and put sunglasses, picnic supplies, and related items nearby. The result was a phenomenal jump in sales. The reason was that few customers come in to shop for skin care creams and lotions. But the display reminded them of picnics, outdoor activities, and fun on the beach when skin care items would be needed. The products sold on impulse alone and the suggestion brought about by the related merchandise.

Displays are a tremendous asset in merchandising. Point-of-purchase displays (POP or POS) do a great job of increasing sales (fig. 6). They must be at the right place and where customer traffic is heavy. They are good at the end of aisles and in spaces where regular fixtures would be too crowded. Displays are good for introducing new products and creating special promotions like closeouts and end-of-season clearances.

Guidelines for maximum merchandising

The purpose of merchandising is to get maximum sales and profits for each square foot of usable floor space. Since C-stores have such limited floor space, the problem comes down to how many products will be stocked, how many units per product, and how fast will they sell. Each store has to answer those questions based on its own market and customer buying habits. However, you can use some guidelines to aid you in making merchandising decisions.

1. Most customers do not look at a C-store as a miniature supermarket. They do not expect the volume and variety of size and brand selection that they do in a supermarket. A C-store is a convenience store, and customers expect only a limited product selection.

2. On the whole, grocery items have a slower turnover rate than many nonfood products. The problem for many local stores is to determine how much space will be given to each product category. Since groceries may provide a lower profit margin than other lines, space can be reduced without reducing the number of products stocked.

3. Studies have shown that customers will continue to buy even when shelf-facings have been reduced. By reducing shelf-facings, more products can be stocked in the same amount of space. For example, customers will accept one brand of evaporated milk as opposed to two brands stocked side by side. Where three rows per shelf-spacing were given to one size of fruit juice, it was found that the same volume of sales could be produced from two-row facings of the same brand and size. In other words, the same merchandising strategies that affect supermarkets do not apply to C-stores.

4. If you can reduce self-facings per product without affecting sales, you can reduce the amount of inventory on hand by a sizable amount. Let's use an example: The no. 303 can of First Prize Dog Food has a normal sales rate of 36 units per week. It has 12 shelf-facings and is six cans deep, for a total of 72 units in the present space. That represents a two-week supply on hand. The shelf-facings can be cut in half without reducing sales. Why tie up an extra week's inventory that is not going to sell? You can

restock more often and use that shelf space for a related product with equal or greater sales strength. You can double or triple your profits by reducing on-hand inventory to minimums. It is far better to restock three times each week than once each week for the same sales volume.

5. Move fast-selling or "hot" items off the shelves and onto displayers in the high-traffic areas. For example, one firm found that TV Guide was taking up two shelf-facings on the magazine rack. Its sales were not as good as expected, and many unsold copies were picked up each issue period. The manager moved it into a rack in front of the register on the checkstand. Sales jumped immediately because it was where every customer would see it. It was simply "lost" when mixed in with other magazines and was never seen.

6. Make items visible and within reach. One firm had a large inventory of Styrofoam cooler boxes purchased for the coming picnic season. They did not sell. Because they were large and bulky, they had been placed on shelves over the cold case and meat/deli case. They did not sell because customers could not reach them. When they were stacked together and moved on to the floor with a large sign, they sold out in record time. One was used as a display case itself. It was filled with ice, soft drinks, and beer and used as a dispenser. The idea promoted the sale of both the portable coolers and the products.

Questions

1. What is the purpose of a basic grocery stock list?
2. Why is overstocking a bad policy?
3. What is a **shelf-facing?**
4. What is the recommended procedure for checking in an order from a vendor?
5. What particular care must be taken when cartons are opened with a knife?
6. What is the recommended procedure for stocking shelves?
7. What is the difference between **salvage** and **trash**?
8. Define **merchandising**, as used in this unit.
9. How is merchandising learned?
10. What is the value of displays in merchandising?
11. What is the purpose of merchandising?
12. Briefly summarize six guidelines to aid in making merchandising decisions.

Project

Explain how products are received in your store. If you discover shortages, substitutions, or damages in a delivery, what procedure do you follow? How often is merchandise ordered in your store? Describe the order form you use. Describe the price-marking equipment used by your store. Describe the procedures your store uses in opening cartons for restocking. Do you have any merchandising responsibilities in your store that follow those described in the text? If so, explain exactly what you do and what decisions you can make. Prepare this in the form of a written report. Attach forms if they are available. Fill in some of the forms as you do at the store.

9

Vendor-Supplied Stockkeeping/Merchandising

***Objectives:** When you have completed this unit, you should be able to—*

1. *define vendor, and name the services a vendor gives to the convenience store;*
2. *describe the obligations you have to the vendor;*
3. *describe the obligations a vendor has to your store;*
4. *tell how to keep relations with vendors honest and businesslike; and*
5. *discuss services by vendors that can aid the overall merchandising efforts of the store.*

Terms to Know

vendor—any supplier or distributor who sells and delivers goods to your store. In most cases, the vendor does stockkeeping, inventory, stock rotation, and freshness control, and supplies free merchandising aids such as displayers, signs, and banners.

sales guarantee—an agreement between vendor and management that any damaged, returned, spoiled, or outdated goods will be picked up by the vendor for credit or free replacement.

cooperative advertising—a promotional tool whereby a company or manufacturer will share the costs of advertising with a local store when specific products or brand names are prominently mentioned.

gondola (GAHN do luh)—a special type of counter for stocking food products of various kinds (fig. 1A) that offers extreme flexibility in shelf arrangement and end display spaces and is easily cleaned.

shelf-talker—a small promotional sign, attached to the front of a shelf or mounted on top of a shelf, that gives sales copy and price on the product (fig. 1B).

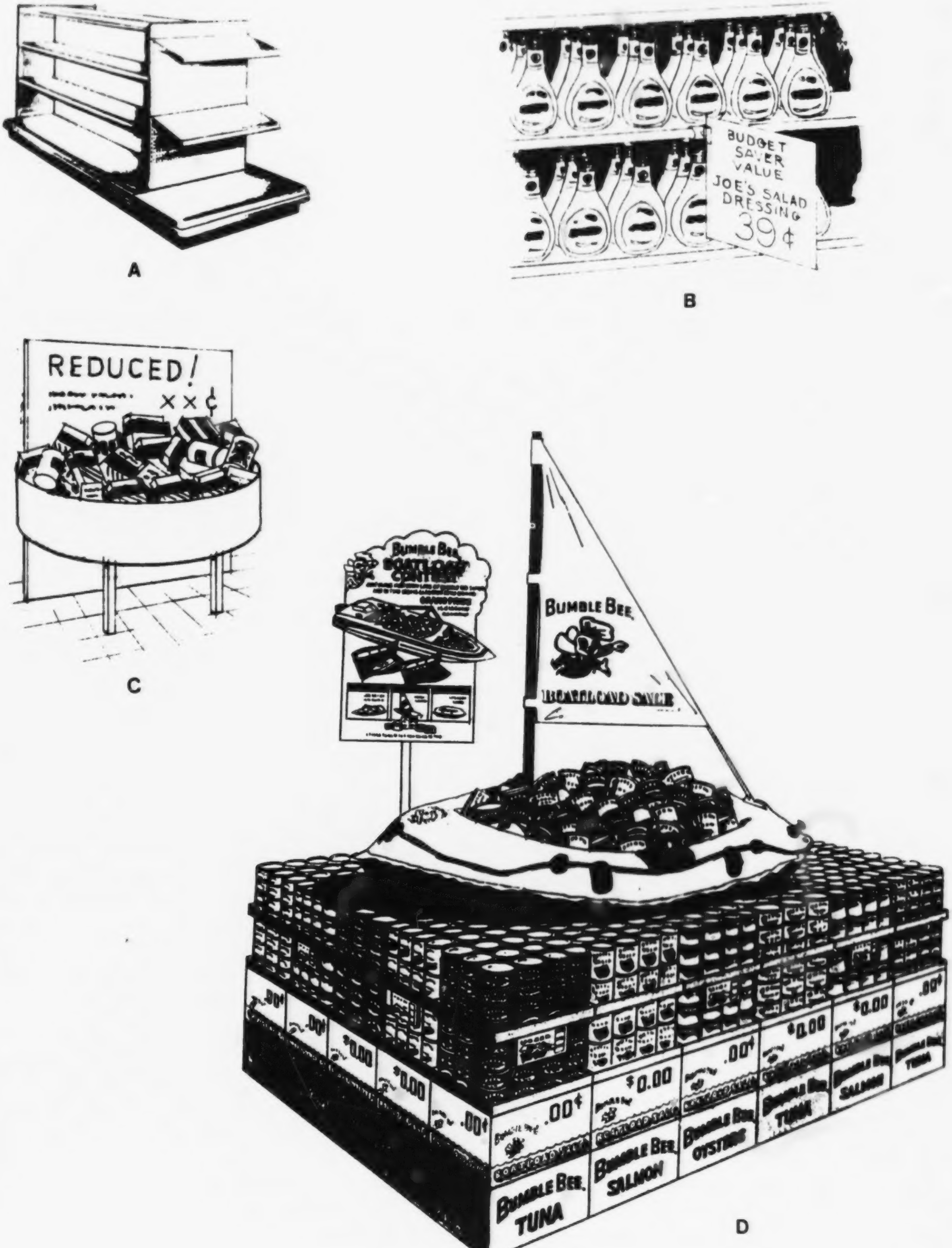
displayer—any free-standing, specially constructed unit for holding merchandise (fig. 1C). Also known as a POS (point-of-sale) merchandiser, it is usually placed in a prominent position where it will be easily seen, and carries a special or promotional sign.

POS promotional unit—a special display constructed with merchandise and signing or banners, designed to increase sales of a particular product or brand (fig. 1D).

Vendor Services

A vendor is any sales representative who delivers products to your store and who normally stocks those products on the shelves or racks. C-stores rely heavily on vendor-supplied merchandise and services. Items such as soft drinks, snack foods, breads and related products, cookies and crackers, and dairy products are vendor-supplied (fig. 2).

Vendors give many valuable services to the C-store. (1) They deliver, which saves transportation charges. (2) They often do their own stocking, which saves valuable labor and time and allows store employees to serve customers. (3) They rotate stock and make their own merchandise attractive. (4) Many vendors have "sales guarantees" on


A
BUDGET SAVER VALUE
JOE'S SALAD DRESSING
39¢
B
REDUCED!
××¢
C
BUMBLE BEE BOATLOAD CONTEST
BUMBLE BEE
BOATLOAD SALE
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BUMBLE BEE TUNA
BUMBLE BEE SALMON
BUMBLE BEE OYSTERS
BOATLOAD VALUE
D

Figure 1

perishable goods. This means that they take back unsold goods that are out-of-date and either replace them with fresh goods or give the store a credit voucher. (5) Many vendors supply POP merchandising aids such as signs, banners, displayers, price cards, and similar devices. It is both important and profitable to the store to have good vendor relations.

Store obligations to vendor

As a store employee, you have certain obligations to the vendor.

1. The vendor has a schedule to follow and needs your prompt attention and processing of the order delivered. This means there should be a thorough check of the invoice and delivery, prompt payment (if payment is due on delivery), and making sure the vendor has the space allotted by agreement.
2. The vendor deserves your courtesy and helpfulness. The vendor is giving a service and deserves prompt, courteous service.
3. Any merchandising aids or display equipment supplied by the vendor should not be used for competitors' products or other products.
4. The vendor should be told in advance which day, and time of day, to deliver so that several do not show up at the same time.

Vendor obligations to store

Vendors have several obligations to the C-store and its personnel:

1. They should deliver on the day and time of day that goods are needed.
2. They should deliver only the number and specified kind of each item that is ordered.
3. They should take no more shelf or rack space than has been agreed to.
4. They should make all deliveries through the front door of the store (unless otherwise agreed to).
5. They should not put any stock on the shelves until the delivery has been counted and inspected by store personnel.
6. They should not demand service or payment until the employee has taken care of customers.
7. They should not take up prime parking spaces directly in front of the store. Most stores have designated places for vendor's trucks and delivery vehicles.
8. They should give the store personnel all copies of the invoice for inspection and checking prior to payment or signing for the order.

Processing the Vendor Order

Vendors supply needed and valuable services to the C-store. Vendors deserve prompt attention, but they must also be aware of the needs of the store and of customers. Vendors must observe the rules if they expect your business.

First, the vendor should park only in designated spaces and deliver through the front door. Second, the vendor should not interfere with normal customer shopping, nor expect the store employee to check the order when a customer is waiting to check out in front. Third, vendors should respect the traffic peaks of a store and avoid delivering when the store is busy.

The normal process for checking a vendor delivery is as follows:

1. Check the number, size, and kind of merchandise delivered against the invoice and delivery ticket.
2. Look for substitutions, shortages, and damaged goods.
3. Make certain that no items are being delivered and charged to the store that were not ordered.
4. Look inside all cartons, and count the items. Don't assume that the correct number is inside the carton even though it appears full.
5. Check all copies of the invoice to make sure that counts and prices are the same on all copies before you sign.
6. If the vendor has a "guaranteed sales" policy, make certain that all outdated goods have been removed from the rack or counter. Unsold goods should be replaced, or a credit voucher issued for the exact number picked up.
7. Make sure the vendor takes only the shelf-facing or space allotted for stocking the merchandise.
8. Make sure the vendor takes only **empty** cartons and boxes when leaving.

Most vendors are honest and must rely on good relations and repeat sales. However, some start out honest but yield to the temptation to become dishonest. In a busy C-store, vendors have many opportunities to steal:

wiches
Coke
$1.19

Fig. 2. The cold case is largely stocked by vendors. (Courtesy Town and Country Stores, San Angelo, Texas)

ULTRA SENSE
ULTRA SENSE
ULTRA SENSE
NAVA

Fig. 3. A special rack that is stocked regularly by vendor. (Courtesy Town and Country Stores, San Angelo, Texas)

BEST COPY AVAILABLE

- A vendor may short the order.
- A vendor may overcharge the unit price on an order.
- A vendor may not pick up all the outdated merchandise and give credit or replace the items as agreed.
- A vendor may put the goods on the shelf before the order is checked, thus permitting shortchanging or overcharging.
- A vendor may take other merchandise by placing it in the empty cartons.
- A vendor may encourage an employee to become a partner in crime by signing for additional merchandise that is not delivered, and splitting the difference.

As an employee, you are not being told to be suspicious of all vendors. You should simply follow good business procedures and take away any opportunity for dishonesty. Vendors will be honest when they know you follow the rules, count and check all orders, and check the paperwork. Avoid taking or accepting favors and gifts from vendors. When you do so, you are leaving it open for them to expect "small favors" from you in return. Run a good, efficient, businesslike store, and you will avoid any losses from dishonest people.

Working with Vendor-Supplied Merchandising

Soft drinks

Nationally distributed brands of soft drinks account for about 15 to 20 percent of C-store total sales. A major portion of these are sold cold—that is, they come from the refrigerated cases. Some larger chain stores ship direct from the warehouse to the local unit, but many small chains and independents let the vendor bottling company supply their soft drinks.

Local bottling companies give good service and deliveries as often as needed. They supply single cans, six-packs, single bottles in several sizes, and case packs. Although part of the cold case is given to soft drinks, there has to be a limit on how many brands, sizes, and flavors can be carried. Many C-stores limit the assortment to three sizes of the top-selling brands. To do this, you can limit your total soft drinks sales to one or two local vendors.

Select the vendor who will give full delivery and pickup service on empty bottles, as well as full promotional and merchandising service. The major national brands run regular promotions, have plenty of displays and signs for featured promotions, and work closely with the store to maximize sales. In addition, they supply the charged tanks for fountain drink service, along with other needed self-service supplied and vending racks.

When you have a good local vendor bottling company and you maintain good relations, you can get maximum service. They will work with you within reasonable limits to supply everything you need. They will work with you on your own local store promotions and offer free window signs, outdoor signs, coupon advertising on a cooperative arrangement, and POS displays.

For a chain store that does a large volume of business with the bottling company, let the vendor handle most of the merchandising and promotion effort. The vendor will become the merchanding project director; work out promotions, cooperative advertising allowances, and timing; and schedule deliveries of both products and supplies. What is good business for the C-store is equally good for the vendor. All it takes is a cooperative relationship and your request for their assistance.

Milk and dairy products

Another large segment of gross sales comes from milk and related dairy products. While the larger chains have their own house brands, many stores rely on local dairies to supply locally produced milk with franchised nationally distributed brands (such as Borden's, Carnation, Hygeia, and Pure). The house brands are usually a few cents cheaper and are used to compete with supermarkets. In some sections of the country, the C-stores emerged from dairy stores, so milk and related products are a major sales line.

Vendors are usually local dairies and bottling plants. They can be a big help by giving full service on deliveries, bottle pickup, and promotions. They can also provide a service by keeping you posted on local and area pricing trends. A C-store does a large sales volume in pint-sized cartons, more so than supermarkets do. This is because of their immediate consumption along with sandwiches and snacks. For home consumption, sales on half-gallons and quarts is larger.

Freshness control is a major factor in selecting local vendors. You should have an agreement that nothing will be delivered that has less than 5 to 7 days of shelf-life before the freshness date expires. This practice will almost eliminate spoilage problems and having to make refunds on returned items.

Most C-stores find that the best sales producers are dairy-related items that have consistent high quality, but do not try to compete with supermarkets on price. Freshness, clean spotless cases, and full stocks are the key to merchandising the dairy case.

Bread

Another big seller and product that relies heavily on vendor suppliers is the bread market. Bread and related items is an "up front" sales area. It should have a prominent position in the store with good exposure to customer traffic. Most firms find that it is best to select two local bakeries as major vendors and to give each vendor equal shelf position.

One C-store firm rotates position on a quarterly basis. One vendor has the bread gondola's top two shelves, while the other has a prominent end-of-aisle display for cakes and pastries and a less prominent gondola location for bread. The two local vendors work well together, but have mutually agreed upon rules. Neither vendor may take more shelf space than allotted. Neither one may have dump displays or POS displays in addition to the allotted space. Neither one may have signs or banners that overpower the other competing brands. Promotions are worked out jointly with the C-store in connection with their own themes or campaign efforts. When two competing companies work together, and with store personnel, you have a harmonious vendor relationship that produces maximum sales for the given space.

Health and beauty aids (HBA)

Health and beauty aids (HBA) is a prominent sales producer for some C-stores. It accounts for half of the total nonfood sales in those stores that promote it. The gross profit or markon is normally within the 30 to 38 percent range, so HBA is a big net profit producer.

Because many HBA items are fairly small and are easily shoplifted, many stores place them behind the checkout stand. However, the big sales volume C-stores have HBA as a separate self-service counter. Small local chain stores and independents normally buy from local vendors or wholesalers. Unless one or two wholesalers supply the entire HBA line, it is not feasible to let each vendor stock and merchandise the counter space. A successful HBA department has good assortment, good shelf stockkeeping and management, and an ongoing promotional effort that uses displays, signs, "shelf-talkers," POS materials, and specials (fig. 3).

Most stores find that the best HBA department is one supplied by a local aggressive wholesaler. With good service, stockkeeping, and a full merchandising effort, the HBA department becomes almost maintenance-free, while producing good profits and a fair amount of gross sales. Without a reliable vendor service, it takes much personnel time to constantly inventory and stock this department. It cannot be allowed to have out-of-stocks, disarrangement, or lack of promotions and merchandising aids. Without plenty of signs and POS materials, the sales volume will not be up to its potential.

Magazines, periodicals, and books

Depending on space, the average C-store grosses about 5 percent of its sales from magazines, periodicals, paperback books, comic books, and newspapers. Some stores place a major emphasis here and have a department or family reading center. In most cases, all these materials are vendor-supplied.

A good, reliable vendor is a must if your store is to get maximum sales and satisfaction from this department. The vendor must deliver on time. If your C-store is two or three days behind some other outlet in a major magazine distribution, your sales will suffer. The sales representative should keep you informed of any changes in title, size, and time of month or week the issues will be delivered. Management should have adequate opportunity to preview any new magazines, titles, or books—particularly if your store stocks adult-type material. No magazine, periodical, book, or newspaper should be stocked or put on sale without full preview privileges and authorization from top management. If you do not have a reliable vendor, then you must constantly police and inspect the periodical rack.

The vendor must be willing to give good service to the local stores. In most cases, the vendor should supply the fixtures, which must be specially constructed for this type of merchandise. Special promotion materials, signs, banners, and displayers should be furnished and paid for by the vendor. Vendors should do most of the stockkeeping and have a firm schedule for picking up outdated materials. It is crucial to have a vendor who fills out the necessary forms and paperwork so the store can receive its monies on time.

Tobacco products

C-stores like to stock tobacco products for several reasons. They have high sales volume, take up very little space, and are a profitable line. Many stores rely on vendors for these products. Tobaccos, especially cigarettes, have massive national advertising on a year-around basis. Vendors or distributors supply tastefully done signs, banners, and merchandising aids. They supply the merchandise racks and, in some areas, buy the space for their products. Among male customers, cigarettes and tobacco represent about 20 percent of their purchases.

On the whole, C-store owners report that they have more problems with tobacco product vendors than with any others. The problems center around lack of communication, no advance notice on new products, and a general attitude that they can come in at any time to restock their racks and display spaces. Many complain that late deliveries on merchandise hurt their sales. It is crucial that employees insist on timely deliveries, adequate stocks, sufficient time to make room for new product lines, and good service.

Candy and gum

In many places, the tobacco distributor also has the candy/gum business. C-stores may buy from a local distributor, or it may be part of their regular grocery stock. Candy and gum account for 6 to 10 percent of gross sales, so it is a significant item. Like tobacco, the items are small, take up little space, and return a good profit on the space required. However, there is high incidence of loss through shoplifting because they are so small and easily taken. Most stores prefer to keep the candy/gum display near the front checkout area for easy visibility.

Candies and gum require very little promotion or merchandising effort. Display and product mix are the keys to profitability. It is a matter of stocking the kinds of candy and gum the customers prefer.

Most vendors are good about keeping adequate stocks, full counters and displays, and adequate merchandising aids. Most will rotate the stock properly and keep supplies fresh. Broken and damaged pieces should be picked up and credited or replaced free. Tell your vendor when you want him or her to be there and when to inspect the inventory and restock. Insist on advance information about new products or major prices changes. Seasonal candy promotions, such as Halloween, Christmas, and Valentine's Day, are probably less effective in a C-store than in traditional food markets. However, every effort should be made to take advantage of these seasons and to have special promotions and cooperative advertising or coupons to increase sales.

Summary

Regardless of the number of product lines in your store that are vendor-supplied, there are certain rules you should insist on as a C-store employee.

1. Each vendor has appointed days of the week and times of the day to call and should follow the schedule as closely as possible.
2. All vendors should park away from front door spaces, but all merchandise should be delivered through the front door.
3. Insist on adequate time to inspect and count the delivery before it is placed on the shelf or counter.
4. Make vendors use only the allotted space. Some will try to take extra room to promote a new product that has not had prior approval from management or the owner.
5. All display material and merchandising aids should be the right size and type for the space they must use. A POS display unit, for example, cannot be erected just anywhere. It must have management approval before it can be installed, and only in the right area. Naturally, all vendors want the maximum space for their products, and all want it up front near the checkout counter. You cannot let each vendor have unsupervised and unauthorized space.
6. Insist on good communication and advance notice on new products, new lines, changes in scheduled delivery, or major price

changes. Most stores have a rule against new products without prior approval of manager or owner.

7. Where freshness is crucial, insist on good rotation, fresh stocks, and proper credit or replacement for out-of-date goods.

8. Where vendors are paid cash for delivered merchandise at the store, make sure you count, get proper credit or replacement, and make out the proper billing records for cash paid-outs from the register. Check invoices for right amounts and right prices.

Questions

1. What services do vendors give to a convenience store?
2. What obligations does the store employee have to the vendor?
3. Summarize the vendor's obligations to the convenience store.
4. How can relations with vendors be kept honest?
5. After reading the section on vendor-supplied merchandising services, summarize the most valuable ones provided to the C-store.

Project

After consulting with your store manager or owner, list the products and merchandise lines that are vendor-supplied. What relationship and agreements does your management have with vendors? What are your obligations and relationship with the vendors who call on your store? What specific obligations do vendors have with your store? How can you help keep vendor relations efficient for your store? Write this as a report, and attach to this unit.

10

Assisting with Inventory Control

Objectives: *When you have completed this unit, you should be able to—*

1. *explain how investment in a stock of goods earns money for the owner;*
2. *distinguish between profit and profiteer;*
3. *describe what happens when inventory does not sell at its expected rate;*
4. *tell why you should be concerned with inventory control;*
5. *explain the relationship between inventory control and profits;*
6. *define stock turnover, and give the formula for calculating it;*
7. *explain why different items have different turnover rates;*
8. *tell how to calculate the space contribution of each item.*

Terms to Know

inventory—(noun) stock of goods on hand and available for sale; (verb) to count items of stock on hand, recording cost and retail price in order to determine profitability and efficiency of the entire operation.

inventory control—any of several methods used to regulate the ordering and on-hand amounts of an item so that it is neither overstocked nor understocked for maximum profitability and efficiency.

margin—amount added onto cost price of an item to arrive at selling price or retail; also called **gross profit, markon,** and **markup.** Margin must pay all operating expenses and leave a net profit for the owner.

space contribution—the minimum amount of margin an item must contribute to the business based on the actual square feet of selling space it occupies. The formula is margin x units sold = margin contribution. It is compared to square foot cost of occupancy rate x square foot space taken by the item. Margin contribution must be equal to or greater than occupancy cost.

profiteering—the act of making large, unusual, or unfair profits during times of emergency or economic crises. It is taking advantage of consumers because of a shortage of materials or supplies, being first on the market with a new product, or being the only supplier in the community that sells the product.

Profits and Why They Are Necessary

Many people do not understand profit—what it is, why it is needed, and what happens to it. Many feel it is unnecessary and that we would be better off if no one made a profit.

Let's assume that when you were born, a relative made a gift of $1,000 to you for your college education. Your parents could have done several things with that money. They could have spent it. They could have buried it in a can and hoped no one would find it. Or they could have invested it for you. The investment would grow each year, earning interest. The interest plus the original money would be reinvested year after year, earning more and more.

By the time you are 18 years of age, that invested money will have grown considerably, to where it is enough to start you in college. If, however, your parents had buried the money in a can and given it to you 18 years later, you would only have $1,000—and the value would be much less because of inflation over the years.

The money-stock-money cycle

A convenience store owner does exactly the same thing, using the same system. Only instead of investing the money in a bank where it earns interest, the owner invests in a stock of merchandise. By selling that stock over and over again, the small amount of profit it earns repays the owner for the use of the money. Interest on savings is a profit for the use of your money. A net profit in a store is interest to the owner for the use of his or her money invested in the business. As long as profits are reasonable, everyone benefits from the system. Remember, there is a great deal of difference between **profits** and **profiteering.** The latter is bad.

The owner of your business has invested money in the business itself. To justify that investment, the owner must sell stocks of merchandise each year for it to make a reasonable profit. That profit—after all costs and expenses have been paid—is called **net profit** and is what the business earns for the owner. It is his or her **return on investment**, abbreviated **ROI.**

Inventory sitting on the shelf and not selling very fast is just like money buried in a can. It is not earning anything. It is "dead" or "buried" money. To be profitable, a C-store must have a limited inventory, a good turnover of that inventory, and every item must be selling well enough to justify having it in the store. That is where you come in. Part of your job as an employee is to help the owner find what stock is moving and what is "dead."

You may be thinking that inventory is the owner's problem. It is, but it is your problem, too. You see, the only way you can be employed and make a salary is for the owner to be selling the inventory. Your future with the company, including your advancement, is tied directly to how well the owner does in selling that inventory. So, it is your problem, and you have a stake in the healthy condition of the store as much as the owner does.

You may also be thinking that profits, inventory, stockturns, and returns on investment are accounting business. Let the accountants and bookkeepers worry about all that. The truth is that to understand the basics of good business does not require financial wizardry—nor a college degree. All it takes is 5th grade arithmetic and common sense.

It is as simple as this to understand: The average C-store is 60 feet by 40 feet, which is 2,400 square feet of space. Of that amount, only 842 square feet, or 35 percent, is devoted to actual stock display on counters and in the coolers. That amount of space has to hold a stock of goods that sells over and over during a period of time to produce an average **3 percent net profit** after taxes and expenses. Now, you can begin to understand why it is so necessary to have only items that sell well, are profitable, and hold expenses to an absolute minimum. With a net profit of only 3¢ out of every sales dollar, you can see how excessive shoplifting or employee theft could wipe out a substantial amount of that profit. Let's see how the same thing would affect you with your investment.

Remember the $1,000 that was invested in savings for you at birth so it could grow for later use? Suppose when it was time for you to go to college, the banker told you, "Well, you only have about $1,000. I had some dishonest bank employees who embezzled your money, and this is all that is left." How would that make you feel? This is what happens when the owner of your business takes inventory and finds out all that net profit that was supposed to be made has, in fact, disappeared. This is commonly called "shrinkage," but it spells "loss" to the owner who invested all that money and has little to show for it.

The owner has limited space from which to sell. The products selected must sell fast enough to produce an adequate return on the investment. That is what inventory control is all about and what you must understand about the business operation. Nothing else matters if good merchandising and inventory control are not being used.

Stock Turnover

Stock turnover measures the speed and efficiency at which items come into the store and are sold, or converted to cash. Turnover

Fig. 1. Items sold in a C-store must sell fast enough to justify carrying them in stock. (Courtesy Town and Country Stores, San Angelo, Texas)

(or **stockturns**) is the number of times items are purchased, stocked, sold, and additional items purchased to sell again. Naturally, the more times you can buy, sell, and buy again during a given period of time, the more money or profit you can make (see fig. 1).

Turnover does several things:

1. It keeps the stock fresh and new.
2. It keeps the money "working" and productive.
3. It assures efficiency, that you are buying the right product.
4. It improves profitability.

Also, fast stock turnover converted to cash allows the merchant to improve buying and take advantage of special promotions. Fast cash conversion means less borrowing at high interest rates.

Figuring stockturns

The formula used to figure stockturns and profitability is very simple and easy to use. During any given period of time, you take several inventories at the retail price. Average the inventories, and divide net sales for the period by the average inventory. The formula is **number of stockturns = $ net sales ÷ $ average inventory.**

For example, assume that inventory is taken each month, and you want to measure the stockturns for a three-month period. You take inventory at the beginning of the period, and one at the end of each of the three months. This gives you four inventory figures. The average figure of those four inventories is divided into the net sales for that three-month period. What you are actually measuring is the number of times that stock is producing sales. The larger the number, the more efficient your operation.

Table 1 shows that during the period from March 1 to May 31, the inventory turned (was sold and replaced) almost 4¼ times. If the owner wants to improve on that figure, he or she has two choices: (1) increase sales or (2) decrease the inventory while maintaining sales. The best solution, of course, is to increase sales **and** decrease average inventory at the same time.

The above example would be about average for a supermarket, but not enough for an efficient C-store operation. Bread, milk, beer, soft drinks, tobacco, and fast food items need an **annual** turnover rate of about 24, or about one turnover every two weeks. If you think about it, items carried by a C-store are usually seasonal and have to be kept fresh. If you are not turning over fresh-control items like bread and milk at least once a week, you are selling stale or spoiled merchandise. On the other hand, soft goods, canned goods, and boxed groceries do not require such a rapid turnover. So, stockturns will vary by product and department. It is the average of all these items together that measures the efficiency of the operation.

Take a closer look at the three-month period used in the previous example. Most C-stores do not have a "reserve" stock or stockroom for storing. The actual stock is on the shelves and in the cold case. Items are being replaced during the week and all month long, depending on how fast each item is selling. When you look at the figures, you see that the average inventory on hand is about $23,000. The owner is spending that much money—on the average—each month to restock the store. If the average markup or markon is 30 percent, 70 percent of each dollar is the **actual cost** of that inventory. However, remember that the other 30 percent has be used to pay all the expenses of rent, utilities, taxes, insurance, and employee salaries.

On the average, a C-store owner realizes only 2 to 3 percent net profit after taxes on the sales. Using the foregoing example, for a three-month period the owner would make less than $2,500 in profit. That is, if there are no unexpected or unplanned-for losses. If there are, then the only place the loss can come from is out of net profit.

Turnover and profits

Assume that you own a C-store. Your average cost of goods is 70 percent, and markon is 30 percent. Since expenses amount to 27 percent, this means a planned net profit of 3 percent. It looks like this:

Cost of goods = 70%
Expenses = 27%
Net profit = 3%
Retail sales = 100%

Item A retails for $1.00, and turns or sells at an average rate of 22 units each month. The calculation would look like that shown in table 2. Item A is contributing 66¢ each month, or $7.92 each year, toward the profit

TABLE I

Month	End-of-Month Inventory	Net Sales
End of February	$ 23,500	$ 25,000
Mar 31	22,500	27,000
Apr 30	24,000	23,000
May 31	23,200	23,500
Totals	$ 93,200 ÷ 4 = $23,300	$ 98,500

$$\frac{\text{Net sales}}{\text{Avg. inv.}} \quad \frac{\$98,500}{\$23,300} = 4.23 \text{ stockturns}$$

TABLE 2

Retail sales 22 x $1.00 = $22.00

Cost of item A (70%)	.70 x 22 =	$15.40	monthly
Expenses contribution (27%)	.27 x 22 =	5.94	"
Net profit contribution (3%)	.03 x 22 =	.66	"
		$22.00	

of the store. Does that justify the space it occupies in the store? The owner only has so much selling space. He or she must calculate the cost of that space and determine which items are profitable and which are not.

Space contribution

It costs a lot to put any item into a store for resale. The store building, the land, the rent, utilities, taxes, insurance, and personnel to operate the store cost money. The equipment on which the item is displayed and all the equipment it takes to operate the store also cost a lot of money. These are known as **capital expenditures,** and they decrease in value each year, or depreciate. For example, cold soft drinks must be refrigerated. The cost of the cold case, plus utilities to operate it, is expensive. The actual square feet of selling space must produce enough return to pay the cost of keeping it there. Refrigeration equipment requires frequent servicing and maintenance, and may eventually have to be replaced. All this costs money.

Special fixtures and displays cost money. Some items require special fixtures that only last so long and must be replaced. The owner totals all these costs, divides them by the actual square feet of space, and determines the contribution that each item must make to the total operation.

Inventory to profit

A store owner invests money in business with the expectation that it will produce a reasonable return or interest—or profit. If the return on investment is too low, the owner would be better off to put his or her money into stocks, bonds, or short-term notes that pay a guaranteed interest.

On the other hand, the owner has decided to take the risks of business with the expectation that both long-term and short-term investment will pay more than the normal stock-and-bond markets. The business itself—building, land, equipment—is a long-term investment. The inventory to produce income is a short-term investment. It is the inventory of stock that produces the income. Some services are sold, but they are not the major income. What the owner must do is determine what goods can be sold, at what quantity, how often, and how much profit or income each item will produce.

Following is an example of a grocery item—dog food. Grocery items like dog food require no special fixtures or refrigeration equipment. Their only costs include their share of occupancy costs, equipment depreciation, and utilities. It would look like this in an actual breakdown.[1]

Item:	First Prize Dog Food
Pack:	48 16-oz. cans/carton
Cost:	$11.04/case (23¢ unit)
Retail:	$15.84/case (33¢ unit)
Annual sales:	6 cases
Fixture:	4-shelf gondola
Quantity:	48 cans
Space:	1.5 square feet (6 facings)
Occupancy cost:	$16 per square foot of display space

This item has annual sales of 288 units (48 x 6). The gross margin is 10¢ a unit, or $28.80. The occupancy cost is $16 times 1.5, or $24.00. Therefore, with a gross margin of $28.80, the dog food will pay for its occupancy cost, provided it continues to sell at the normal or expected rate. Once sales drop below the occupancy cost per square foot, the item will have to be removed, or space greatly reduced to produce the same number of dollars.

Your job in assisting with inventory control

Nearly all of your stockkeeping, ordering, receiving, and merchandising duties fit in with inventory control. If you work with the store's stock every day, you become familiar with items and how they are selling. You can easily note when sales dramatically increase or decrease on any item. Your job is to make sure that management or the owner is aware of noticeable changes in sales or popularity of particular goods. You also know what items customers ask for that you do not have. You may have the assigned duty of checking competitors for particular items and prices.

Good inventory control begins with good stockkeeping and ordering habits. You must not overorder or underorder to such an extent that an item is either overstocked (tying up money) or understocked and decreasing sales.

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[1] Figures from Leonard W. Arentsen, Arthur Anderson and Co., Chicago, "How to Maximize ROI," from a presentation made to NACS Convention, September 1975.

You should keep your shelf stock so arranged that quick tallies and counts are easily made. Your inventory must be accurate. You must record exact counts on hand, cost codes, and retail prices. You must keep accurate records of items removed from stock for salvage, markdowns, or trash. Accurate record keeping, accurate counts, and physical observation of movement of goods are valuable contributions you can make to the store.

Questions

1. How does a business owner earn money on an investment in a convenience store?
2. Use a dictionary, if needed, to define the words **profit** as a noun, and **profiteer** as a noun.
3. What is the net result of inventory sitting on the shelf and not selling at expected rates?
4. Why should you, as an employee, be concerned with inventory control and profits?
5. What is the relationship between inventory control and profits?
6. Define **stock turnover.**
7. What formula is used to determine number of stockturns?
8. How can stockturns be improved?
9. Why do different items in the store have different turnover rates?
10. What is the average net profit made by a convenience store during a given period?
11. How does a store owner calculate space contribution of each item?
12. What is your responsibility as an employee toward inventory control?

Project

Solve the following problems, using the formulas and example cited in the text:

1. During the period from July 1 to September 30, you find the following figures. Calculate average inventory and stockturns for the period.

Month	EOM Inventory	Net Sales	
6/30	$26,500	$28,600	Total Inventory
7/31	25,900	$27,400	$ ________
8/31	28,400	$30,100	Total Sales
9/30	29,600	$29,200	$ ________

Average inventory for the period $ ___________
Stockturns for the period ___________

Assume the net profit rate is planned to be 3.2%. The dollar net profit for this same period would be $ ______________.

2. A C-store measures 60 feet by 40 feet. The total amount of actual selling space is 42%. The total occupancy cost for a year is figured to be $15,624.

   a. What is the square footage of actual selling space? ___________________
   b. What is the cost per square foot of selling space? $ ___________________
   c. Assume you have an item with a 30% markon. The selling price per unit is 79¢. Your normal selling rate is 210 units/year. This item has 12 shelf-facings and occupies 2.25 square feet of selling space. Can you afford to keep this item in your inventory at this retail price and selling at this rate? __________ (yes or no). Explain your answer below:

11

Moving Toward Supervisory/Management Duties

Objectives: *When you have completed this unit, you should be able to—*

1. *tell what qualities you look for in evaluating prospective employees;*
2. *explain the importance of appearance and personality when selecting employees;*
3. *explain the necessity for following up on any prospective employee's previous employment record;*
4. *explain the four-step training process; and*
5. *distinguish between supervisory and management duties.*

Terms to Know

supervise—to oversee a job or one or more employees in the performance of jobs and tasks. An assistant manager or department head often acts as a supervisor.

management—the overall directing function of a business enterprise that includes administration, organization, staffing, planning, and budgeting, as examples. An owner of a small business actually plans and directs the entire enterprise—usually acting as both manager and supervisor.

task—a single step operation in the performance of a job.

job—a collection of tasks, duties, and responsibilities that are required to complete a number of operations within the organization.

If you are career-minded and like the convenience store business, you have excellent opportunities to move into supervision, management, and private ownership. The move upward does not take nearly as long as it does in many other kinds of marketing businesses. The move upward usually comes with a little experience and your own ability to assume responsibility. Some people mature faster than others, and **maturity in judgment** is a necessary prerequisite for both supervision and management.

A **supervisor** is a first-line manager. That is, the person is in charge of either one department or phase of the overall operation and has limited management responsibilities. A **manager** is normally in charge of an entire store unit, covering all its operations; or, in a chain organization, a manager is in charge of a division or department.

Employee Selection

Good supervisors and managers come from good employees. If employees are properly selected and given good training, they make outstanding employees who can be advanced into supervisory and management positions.

Small, independent organizations

Small, independently owned stores have an entirely different situation than the larger chain organizations. The store owner is the manager and operator. Most C-stores operate at least 16 hours a day, seven days a week, and on holidays. This means the owner-manager must have at least one full-time employee who can take management responsibilities some of the time. Some stores will have one full-time and one part-time employee who can take relief duties and assist when called or needed during peak traffic periods.

The full-time employee who takes on supervisory and management responsibilities in the absence of the owner usually handles routine matters and makes minor decisions. Obviously, not just any person can handle these duties. It takes an employee who has intelligence, personality, good appearance, and a desire to learn as much about the daily operations as possible. Interest, enthusiasm, and honesty are basic personal requirements you look for in your full-time employees.

The person's **intelligence** can be partly assessed by looking at a high school transcript. The courses taken and grades received tell you something about the person's ability, interest, and intelligence. A high school education should be a minimum requirement in most cases. However, you should not rule out an older person who may not have finished high school because of economic reasons. Often, the older person has experience, common sense, and good judgment, which are valuable assets to your store.

Personal **appearance** is certainly important. Your store's image and reputation is generally judged by the appearance and manner of the employees, as well as the physical appearance of the store. Cleanliness, good grooming, and a tasteful haircut are factors to consider in determining if a person is right for employment with you. The appearance of a person's hands and fingernails is also important. Customers notice these same things and make judgments about the store based on employee appearance.

Personality is just as important in a C-store as in any other retail business. Customer relations are so vital that you cannot afford to hire someone who does not relate well to customers. You look for a person who smiles, is pleasant, and uses good grammar when speaking. You look for a person who is honest—someone you can trust and depend on when you are not there. Many firms use a polygraph (lie detector) test. These are useful but not foolproof. Most companies that use polygraph testing are looking for drug and alcohol abuse.

One of the best ways to assess the worthiness of any prospective employee is to check up on previous employment. It is good insurance. Ask for a personal history of employment with dates, company names, and addresses. If you can't take the time to follow up immediately before employment begins, you should do so within the first week.

Take plenty of time in a personal interview. Ask why the person left the previous employer. Ask what the person liked and disliked about the job. The person may reveal that he or she did not like to take responsibility, make decisions, or work weekends and holidays. This will certainly tell you about the worthiness of a particular individual for your business.

Large chain organizations

Large chain organizations have central employment offices and a staff for managing personnel, which includes recruiting, hiring, training, and staffing. Each chain operation has its own requirements for particular jobs. Also, since there are more opportunities for advancement, they are looking for people with abilities and talent who can be promoted. Personnel managers are looking beyond the immediate job opening to see if an individual has the potential for supervisory and management positions.

The same personal characteristics, intelligence, and personality traits are looked for by the large organization. In addition, the large organization offers opportunities for specialized abilities and talents. For example, the positions of buyer, merchandise manager, promotion manager, district manager, and training director require certain experiences and abilities.

The major difference between small and large companies is in the amount of time and facilities available for interviewing, evaluating, and selecting employees for the company. Larger organizations have specialists and departments that can use testing and evaluation and other approved methods to make better selections. The small independent store must rely on less time, personal judgment, and delayed follow-up practices to try to select the best people.

Employee Training

Regardless of the size of the organization, employee training is a supervisory and management responsibility. You cannot expect

Fig. 1. A supervisor must work closely with the employee. (Courtesy Town and Country Stores, San Angelo, Texas)

people—even good, talented people—to do a good job unless they are properly trained. You cannot expect a new employee to read a job description and know what to do. Training is more than telling or letting someone observe. Training is personal involvement with the process or the job tasks (fig. 1). No employee can adequately learn to perform satisfactorily unless each task or step of a job has been thoroughly explained and demonstrated, and the person allowed to perform it.

The training process

Good training follows a four-step process. First, you prepare the employee to receive instruction. Second, you demonstrate the operation and explain it. Third, you let the employee perform the operation. Fourth, you evaluate, correct if necessary, and make follow-up training until you are assured of satisfactory performance.

1. **Prepare the employee to receive instruction.** In small store operations, most instruction will be given on the job. In large chain operations, instruction may be given in a group setting inside a training room, or it may be given individually on the job. The most important step in training is to prepare the employee to receive instruction.

First, the employee must be in the right frame of mind. You must eliminate distractions or an atmosphere that will interfere with instruction. Constant interruptions, inadequate equipment, or inadequate preparation on your part destroys the effectiveness of instruction.

Second, the employee must have the ability and knowledge to receive instruction. For example, if you are instructing the person on how to take inventory, make sure the employee has the math skills needed. Preparation for training includes discovering what talents and skills the person already has and what the person is able to learn.

Third, set the stage for instruction by preparing yourself and getting together everything you need for teaching. Know what you intend to teach, where instruction will take place, and what equipment is needed. When you are sure that both you and the employee are ready, go ahead with the training as scheduled.

2. **Demonstrate the operation and explain** exactly what you want the employee to know and to be able to do. First you tell the employee what is to be learned, and then you explain and demonstrate. Assume that you are teaching the employee how to take inventory of items on the shelf.

First, explain the importance of taking inventory and the need for complete accuracy. If the employee understands why something is being done and the need for doing it a particular way, it is more likely that it will be done in a precise manner.

Second, show the employee how to count items on the shelf by quickly assembling them into a tabulating order (fig. 2). In other words, there is no need to count items one by one. You can multiply: 2 rows times 8 deep is 16; 3 stacks high times 16 is 48. Two items are missing in the top stack, so deduct the two and you have a total of 46 units on hand.

Third, show the employee how to record the item, its description, its cost code from the price ticket, and its retail price. On the first round, the supervisor shows exactly what to do and in what order, and explains the need for doing it a particular way. Repeat the procedure until you are certain the employee understands.

3. **Let the employee perform the same operation.** Make sure it is done the same way you demonstrated it. Ask the employee to explain why it is being done that way. If you don't think the employee has fully learned or understood the tasks, ask that they be repeated. If you feel more instruction is needed, you may want to schedule another training session. This is the time to assure yourself that the training has been effective.

4. **Evaluate the training.** Several things come out of personal instruction. You learn a lot about the employee, his or her abilities, and attitude toward the job. A person may be overqualified for the job and resent doing tasks that are simple and routine. A person may not have the ability to perform even simple tasks, and you need to know that now.

On the positive side, training gives you the opportunity to discover potential management and supervisory talent. You will want to take note of this person, give additional duties and responsibilities, and lead that person toward advancement. You can also evaluate yourself as a trainer and supervisor. How well did you instruct? Did you give enough explanation and detail in the beginning? Did you have the right equipment? Was the time and place for training

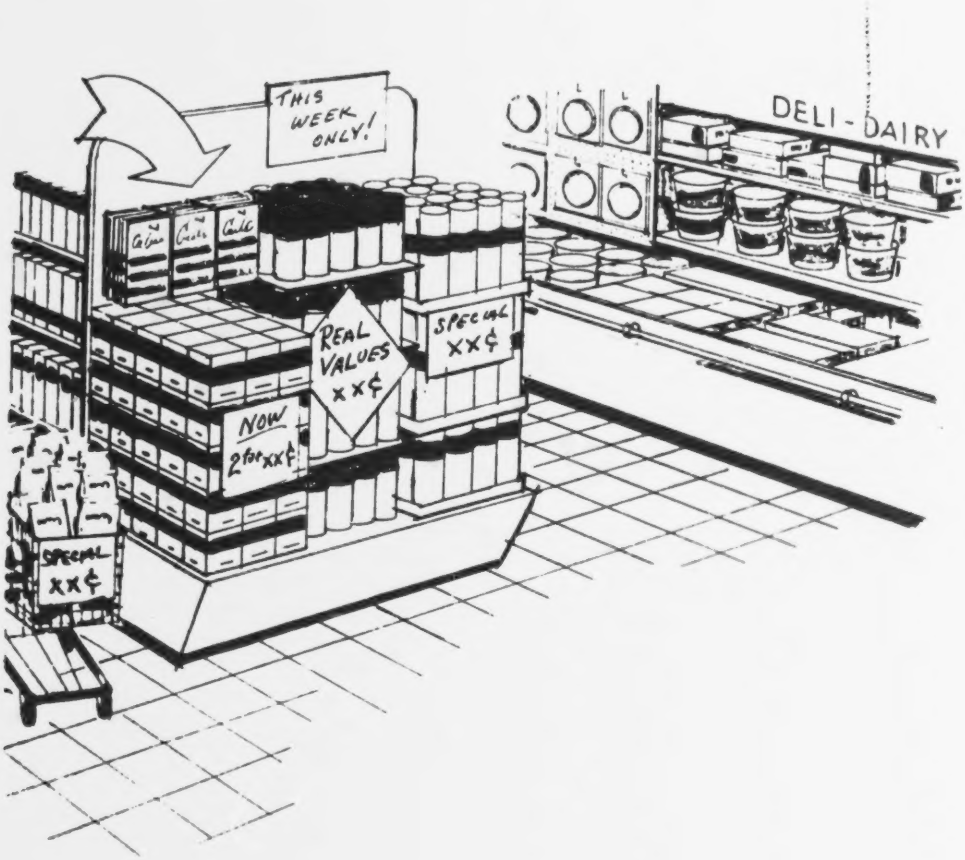
THIS WEEK ONLY!
DELI-DAIRY
REAL VALUES XX¢
SPECIAL XX¢
NOW 2 for XX¢
SPECIAL XX¢

Fig. 2. Tabulating order assembles items for easy counting by counting rows rather than single units. (Courtesy Progressive Grocer magazine)

what it should have been? Did you prepare adequately? Did you think through what your objectives were in training? Did you accomplish your objectives? Does the employee have a better attitude and understanding of the job and tasks to be performed? Is the person more productive and effective **after** training?

Employee Supervision

Good supervision and management rests strictly upon the person who supervises and manages. You need training to become an effective supervisor. Supervision is much more than "bossing" or being "the boss." It implies that each day there are certain objectives and tasks to be met in the store unit. Your job is to see to it that those objectives and tasks are accomplished through your employees. Supervision in a C-store involves (1) scheduling employees, (2) assigning tasks, (3) assigning responsibilities, and (4) overseeing the operation to make sure it is meeting the planned objectives. Planning, budgeting, delegating authority, organizing, and staffing are management responsibilities. A supervisor may be both a manager and a supervisor in some store organizations. However, the job of supervision is first-level manager or overseer of employees in store operations.

To be a supervisor means that you have the experience and knowledge to carry out your responsibilities. You must know the store, its policies, its planned objectives, its merchandise, and the day-to-day operations and procedures. You must have both the ability and the desire to "take charge" and lead. You must be able to make some kinds of decisions and then see that they are carried out. Not everyone makes a good supervisor, nor should every employee attempt to be one.

Being a supervisor is a first step toward being a manager. There are all kinds and levels of managers within a food marketing operation, depending on its size. For instance, larger chain organizations have managers for local store units, for all the stores within a city, and for all operations within a district. In addition, top-level managers have specialized responsibilities for marketing, merchandising, promotion, finance, personnel and training, buying, and executive levels for corporate leadership and control.

Questions

1. What quality is a necessary prerequisite for both supervision and management?
2. What qualities do you look for in selecting employees for a C-store operation, large or small?
3. Why do many older people make good employee prospects?
4. What appearance factors should be considered when evaluating prospective employees?
5. Why is a pleasing personality so important?
6. What follow-up activities should be used to determine the worthiness of a prospective employee?
7. What is the four-step training process?
8. Briefly explain the difference between the duties of a supervisor and those of a manager.

Projects

1. If an organization chart of your store organization is available, attach a copy to this unit. If not available, construct one based on information supplied by your owner or manager. Show the major responsibilities of each function, and the chain of command from bottom to top in the company.

2. Do you have a direct supervisor over you? If yes, describe the relationship and what the supervisor does for you in your daily work routine.

12

Owning and Operating a Convenience Store

Objectives: *When you have completed this unit, you should be able to—*

1. *construct a seven-step business plan, following the guidelines given in the text; and*
2. *develop greater knowledge and understanding of the details of entrepreneurship, the risks involved, and the planning required to be successful.*

Terms to Know

franchise—a license to operate and sell another company's products and services under the terms of the license. It usually means you have a company name and brand name products to sell in a protected territory. A franchise is most often an exclusive right within a given territory or market.

proprietor—a single individual who owns a business.

partnership—two or more persons who jointly own a business.

corporation—a business that is owned and controlled by its shareholders; the percentage of business owned depends on the number of shares of stock held by an individual.

Becoming an Entrepreneur

Entrepreneur is a French word, and it simply means a person who owns and operates a business enterprise. So this unit deals with owning and operating a convenience store.

An enterprise is any business that sells either products or services (or both) and is owned, managed, and controlled by one or more persons. An enterprise engages in business activity at a risk. The risks are (1) there are no guarantees of success, (2) there are no guarantees of making a profit, and (3) there are no guarantees that you will avoid losing your investment.

Private enterprise in America is a privilege of our economic system. It says that any individual has the right to establish a privately owned business, to operate that business and manage its functions, to make a profit from the business, and to dispose of or use that profit in any way.

The purpose of this unit is to show you that becoming an entrepreneur, or owning and operating a business, is one of your privileges. It will show you the advantages and the risks you take. It will help you in deciding whether this is something you should consider for your future career.

Going into business is not like following the steps in a recipe, but there are some guidelines to help you make a decision—or, better still, think about the possibilities. First, however, you need to consider what business ownership means and how one goes about getting into it.

What are the advantages?

Entrepreneurship is a privilege of our economic system. Our government encourages private ownership of business. Indeed, the majority of businesses are small, privately owned companies. Our marketing system and competition within the markets for products and services is the strength of America. It was designed that way so that individuals could participate, prosper, and thereby assure efficiency. Our system is efficient because competition forces individual owners to streamline, cut waste, improve products and their services, and place the consumer or customer at the top of the economic pile. It is a system whereby everyone benefits.

Entrepreneurship lets you decide your own destiny. You have the equal opportunity with every other business owner to prosper and grow. The key to success is how well you manage what you have and how well you plan. Success is not guaranteed by having unlimited money, or having the right college degrees in business. Rather, success comes from how well you manage the assets and talents you already have, and knowing what you need to acquire. You cannot make it entirely on your own; you must have outside help and know where to seek it.

Entrepreneurship provides challenge and personal satisfaction. For the same reason that athletes strive to win, entrepreneurs strive to meet the challenge of the marketplace and to win. Personal satisfaction comes from knowing that you took the risks, overcame them, and won. It is satisfying to know that you provide a valuable service to customers and make their lives better. You can take pride in making our economic system work for the benefit of all. You also realize that satisfaction is more than just making a profit. What you do with the profit, and the jobs you provide to workers, is much more meaningful.

What are the sacrifices and risks?

Going into business is far easier than you think. That is one of the dangers—it is too easy. Just because you form a company, find a building, and open your doors to the public does not guarantee success. Too many people decide to start a business without really investigating it. There is too much at stake to be ill-advised and to jump in just because the opportunity is there

Owning and managing a business requires great personal sacrifice. You must invest your own personal wealth, savings, and enormous amounts of energy. You involve your family as well as yourself. It means working much longer than an "8-to-5" job. It means giving up vacations, long weekends, and leisure time activities in the beginning. It requires planning, going over details time and again, budgeting, and cutting down expenses. It means seeking outside professional help. It means taking additional courses, reading books and trade literature, joining professional association, and learning from your mistakes.

Ownership requires serious responsibilities. You are responsible for many things. You have committed your own financial resources plus what you can borrow. You have commitments to suppliers, to employees, to your customers, and to the many people who have made sacrifices for your business. Careless management and poor planning not only hurts you, but also robs investors of their trust in you. You have too much at stake to treat it lightly.

Guidelines for Entrepreneurship

Small business ownership is the backbone of American economic wealth and stability. In 1980 there were about 13 million small companies operating in America. They provide at least half of all the jobs and half of the goods and services.

The high failure rate among small businesses is largely due to three conditions. First, many people **underfinance** a business either because they did not borrow enough or they failed to investigate all the resources they might have used. Second, many fail because they **lack the necessary experience.** If you are going to operate a convenience store, you must have had enough experience to know what you are doing. Third, most businesses fail today because of **poor management.**

1. **Get the right kind of assistance.** In the beginning, when you are thinking about a business enterprise, you should seek out literature, publications, periodicals, textbooks, and many other resources that give advice and essential knowledge. Go to the public library, the Small Business Administration offices, or to a local banker. You will need practical experience in the kind of business you intend to operate. If you haven't had much experience, you need to work awhile, take on every job available, advance to supervisory and management responsibilities,

and carefully examine every aspect of the operation itself.

2. **Prepare a plan.** It is amazing how many people start a business without a plan for it. They have no idea of what their market is, what they need to sell, what services they should provide, or where they should be at the end of the year. They have no plans for operation, expansion, growth, controls, pricing policies, expense guidelines, or anticipated profit. It is almost as if they think that everything in business happens by magic. It doesn't! Nothing happens without a plan.

- You need a business plan.
- You need a marketing plan.
- You need an operating (profit and loss) plan.
- You need an organization and staffing plan.
- You need job descriptions and responsibilities attached to functions.

3. **Get the financial assistance you need before you start.** A good reliable banker or financial officer is essential for success. This person's job is to help you. Many people think that because they don't have big plans for growth no banker would be interested. In fact, most bankers would be suspicious if your plans were overly ambitious in the beginning. They are looking to help individuals who know what they want to do, have good plans, and show management and financial responsibility. For starters, this means that you need a good credit rating.

A banker wants to know how much of your own financial investment is from savings and how much you will need for living expenses. You must know how to prepare a statement of assets and liabilities so you can be properly advised. There should be a good balance between personal assets and borrowed funds. You can usually borrow more than you think you can. Also, there are other financial resources than banks or savings and loans. You may find financing through a partnership or someone who wants to invest funds for a return at a certain percentage.

4. **Get professional marketing assistance.** There are many professionals available to help you with basic marketing plans. A competent commercial **real estate agent** can help you choose a good location, lease a building, buy an existing business, or perhaps develop a new business in a new location. An agent can give you assistance on rents, lease contracts, space needed, utilities, insurance, taxes, and other essential cost items.

You need an expert **accountant** to help you plan your finances, maintain your records, set up the right kinds of ledgers and accounts, and keep track of interest rates, equipment purchases, employee records, tax reporting, and business planning.

You need a competent **attorney** to advise you on the legal forms of ownership for your business. You need to know how to negotiate contracts and leases, how to get the right kinds of licenses and permits, and what are the types of liabilities you assume.

You need the help of the local **chamber of commerce or merchants association.** These groups know the local economy, the best areas for development, the population statistics you need, and the number of competitors. They also have many publications you can consult.

Finally, you need to join a **professional trade association.** This is where you meet other business owners involved in similar activities. You benefit from attending meetings, discussing common problems, finding common solutions, getting economic assistance, and getting favorable legislative attention. You also benefit from comparing operating figures, percentages, and reports of similar businesses. You are able to see national trends and make needed adjustments.

If you are planning to operate and manage a convenience store, you should join the state Retail Grocers Association and the National Association of Convenience Stores. Also, several other national associations related to the food marketing industry offer contacts that would be beneficial. You should subscribe to trade publications in the convenience store field, such as C-Store Business, Convenience Store News, and Convenience Store Merchandiser.

Planning Your Business

Financial planning

The Bank of America suggests that an entrepreneur begin by asking four questions:

1. **What do I need the money for?** In most cases, you can answer by stating that you need money to buy a business, to get needed operating money, to buy fixtures and equipment, to buy a beginning stock of goods,

to expand, to take advantage of a good buy, and to prepare for an expected rise in sales during a special season or promotion.

2. **How much money do I need?** This is where you need the assistance of a reliable banker. This person can analyze your plans, make suggestions, and tell you how much you will need to borrow.

3. **How and when can I repay the money borrowed?** Again, your banker can help you by working out interest rates, repayment schedules, various types of financing plans, and how to work this into your planned operating budget.

4. **Can I afford to borrow money at this time?** Interest rates and the availability of money on the market change all the time. At times, the cost of borrowing is not advisable. Long-range planning can help you avoid last minute searches for money at very expensive rates. The **need for planning** cannot be emphasized too strongly.

You will need money to start a business, regardless of the size. However, you want to avoid thinking too big in the beginning. Many small businesses fail because they try to expand too quickly or plan too large an operation. Your business can always grow, but you should start out small until you have adjusted to the actual operation. When you know you have the business under control, then you can begin thinking about growth and expansion.

The business plan

Every business must have a plan—a detailed and comprehensive plan that describes the entire operation. It should describe everything from the store name and location to the planned profits three years in the future. A good plan has seven parts.

1. **Description.** This includes your store or company name, the location, product line sold, and your market territory, names and numbers of competitors, who will manage, your goals for each of the first three years of operation, and an estimate of your net worth at the end of the first three years.

2. **Market analysis.** Who makes up your market? What are its boundaries? What are the income and age groups? What products and services will they want? How many competitors serve the same market? What can you offer the market that your competitors do not? Are your prices competitive? Do you have anything unique to offer?

3. **Product and services description.** What will you sell? How many products will you offer and at what price ranges? What is your inventory value and beginning stock list?

4. **Sources of supply.** Where will you buy your stock of goods? How many vendors will you use? What are your warehouse needs? Can you use a franchise plan or belong to a group or cooperative buying plan? Will you feature nationally advertised brands, local brands, or house brands and labels?

5. **Marketing plan.** What will be your marketing strategy? Will you advertise extensively, and by what media? How will you promote to your target market? What price ranges will you offer for your products and services? What will be your pricing strategy? Will you offer markdowns and have frequent sales? Will you rely heavily on window signs and other merchandising aids?

6. **Management plan.** Even a small, single owner business needs an organization and staffing plan. Who will manage? Who will buy, price, promote, merchandise, sell, make deposits, and keep records? You need at least a rough organization chart that includes major functions and the names of those who will be responsible for these functions. A staffing plan should name hours of daily operation, persons in charge during each shift, times off, vacation and sick leave policies, group insurance, profit sharing, and similar employee plans.

7. **Financial forms.** Initial planning for your start-up operation should include (1) a profit and loss or operating statement, (2) balance sheet, and (3) cash flow statement.

Figure 1 shows a typical **profit and loss or operating statement** for a small business operation. "Gross sales" or "net sales" are used. For a C-store business, gross sales would be appropriate because you would not expect purchases to be returned for credit or adjustment. The sales figure is the total income. "Cost of sales" is the cost price of merchandise. Gross profit is also call "gross margin," "operating margin," or "markon." The average convenience store today has a gross profit or margin of about 30 percent of sales. Expenses are all the items that you are normally expected to pay out. For a C-store, you can estimate major items as follows:

Employee wages and benefits	13.1%
Advertising and promotion	0.5%

PROJECTED PROFIT AND LOSS STATEMENT

Prepared August 1, 19

	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Total	%
Gross Sales	15,000	16,000	19,000	17,000	16,000	17,000	17,000	17,000	18,000	18,000	19,000	19,000	208,000	100
Less Cost of Sales	12,000	12,480	14,250	12,750	12,000	12,750	12,750	12,750	13,500	13,500	14,250	14,250	157,230	76
Gross Profit	3,000	3,520	4,750	4,250	4,000	4,250	4,250	4,250	4,500	4,500	4,750	4,750	50,770	24
Expenses														
Salaries	600	600	600	600	600	600	600	600	600	600	600	600	7,200	3.5
Payroll Taxes	60	60	60	60	60	60	60	60	60	60	60	60	720	.3
Alarm Service	30	30	30	30	30	30	30	30	30	30	30	30	360	.1
Advertising	80	80	80	80	80	80	80	80	80	80	80	80	960	.5
Delivery	20	20	20	20	20	20	20	20	20	20	20	20	240	.0
Bad Debts	20	20	20	20	20	20	20	20	20	20	20	20	240	.0
Dues and Subscriptions	10	10	10	10	10	10	10	10	10	10	10	10	120	.0
Laundry and Linen	10	10	10	10	10	10	10	10	10	10	10	10	120	.0
Legal and Accounting	100	100	100	100	100	100	100	100	100	100	100	100	1200	.6
Office Expenses	10	10	10	10	10	10	10	10	10	10	10	10	120	.0
Repairs and Maintenance	50	50	50	50	50	50	50	50	50	50	50	50	600	.3
Supplies	35	35	35	35	35	35	35	35	35	35	35	35	420	.2
Phone	35	35	35	35	35	35	35	35	35	35	35	35	420	2
Utilities	100	100	100	100	100	100	100	100	100	100	100	100	1200	6
Miscellaneous	50	50	50	50	50	50	50	50	50	50	50	50	600	.3
Depreciation	250	250	250	250	250	250	250	250	250	250	250	250	3,000	1.4
Insurance	100	100	100	100	100	100	100	100	100	100	100	100	1,200	6
Rent	300	300	300	300	300	300	300	300	300	300	300	300	3,600	1.7
Taxes and Licenses	150	150	150	150	150	150	150	150	150	150	150	150	1,800	9
Interest	512	509	506	502	499	495	491	488	484	480	476	473	5,915	2.8
Total Expenses	2,522	2,519	2,516	2,512	2,509	2,505	2,501	2,498	2,494	2,490	2,486	2,483	30,035	14.0
Net Profit/(Loss)	478	1,001	2,234	1,738	1,491	1,745	1,749	1,752	2,006	2,010	2,264	2,267	20,735	10.0

Fig. 1. Profit and loss statement. (Courtesy Bank of America NT & SA, San Francisco, California)

Property rent	4-5%
Utilities	3-4%

After subtracting itemized expenses from gross margin or gross profit, you have net profit. In 1982, the average net profit before taxes for a C-store was **3.8 percent of sales.**

A **balance sheet** is a listing of assets and liabilities. You need the services of a professional accountant to help you in its preparation. There are many things listed as assets that you may have not considered. The result of a balance sheet is to show your net worth or equity in the business itself. Until you know the actual figure of your equity (investment) in the business, you cannot know how much return the business is earning for that investment.

A **cash flow statement** is equally important and requires that you use a professional accountant to aid you in its preparation. Its purpose is to itemize all the sources of cash coming into your business and where that cash will go. Sales are cash, but so are loans, profit, earnings on savings, depreciation, and deposits made in advance. Disbursements are all the items that must be paid from cash. What is left over is called **net cash.** Your net cash is then used in several ways. It can be put into savings. It can be used to buy equipment, make improvements, or expand. It can be an advance to the owner.

The Outlook for Convenience Stores

Is this a good time to plan for owning and operating a C-store? The outlook for the 1980s is good. Most owners report confidence in the future. Many see that gasoline sales, fast foods, and fountain drinks or beverages will continue to dominate the total sales picture. Franchising seems to be a good thing to consider. Many think that the major growth areas in sales will come from nonfood and specialty items. Some see a gradual decrease in the number of grocery items offered and more fast food business. In other words, the C-store of the future may offer more competition to the fast food places (hamburgers, fried chicken, and pizza places) than to the supermarkets. Many major oil companies are likely to offer competition by operating convenience stores along with their service stations.

One disadvantage to consider is the current high interest rates on borrowed money. Many people expect that interest rates will remain high during this decade with little hope of dropping below 10 percent. Employee theft is still a major concern to most retailers and eats away at net profit. You should consider local economic conditions, competition, and government regulations that affect employers. Store security and armed robbery prevention is still a headache to many C-store owners and operators. Talking with local owners and operators is always a good investment of your time before you begin to think about entering the market.

Project

Assume that you have decided that you would like to own and operate a convenience store. You want to operate your store in your own community, and you have chosen a site outside the city limits on a major highway. You have investigated and found that you can buy the property, build the store, get the needed equipment, and begin operation for a total cost of $275,000. If you choose a site in town, you can count on a start-up cost of $400,000. Using either of these site locations, construct a business plan for your store that follows the seven parts outlined in the text. You will need some assistance. Do all that you can on your own, then consult your instructor. You may need to interview a convenience store owner and get some advice. You may want to review literature in a public library, obtain pamphlets from the Small Business Administration, or seek any source you want. This is a rather detailed and lengthy project, but the results will give you a good start toward thinking about private business ownership. Even if you never decide to be an entrepreneur, you will have greater insight into the risks involved and the costs, and an appreciation for the employment opportunity you have.

COMPLIANCE STATEMENT

TITLE VI, CIVIL RIGHTS ACT OF 1964; THE MODIFIED COURT ORDER, CIVIL ACTION 5281, FEDERAL DISTRICT COURT, EASTERN DISTRICT OF TEXAS, TYLER DIVISION

Reviews of local education agencies pertaining to compliance with Title VI Civil Rights Act of 1964 and with specific requirements of the Modified Court Order, Civil Action No. 5281, Federal District Court, Eastern District of Texas, Tyler Division are conducted periodically by staff representatives of the Texas Education Agency. These reviews cover at least the following policies and practices:

(1) acceptance policies on student transfers from other school districts;

(2) operation of school bus routes or runs on a non-segregated basis;

(3) nondiscrimination in extracurricular activities and the use of school facilities;

(4) nondiscriminatory practices in the hiring, assigning, promoting, paying, demoting, reassigning, or dismissing of faculty and staff members who work with children;

(5) enrollment and assignment of students without discrimination on the basis of race, color, or national origin;

(6) nondiscriminatory practices relating to the use of a student's first language; and

(7) evidence of published procedures for hearing complaints and grievances.

In addition to conducting reviews, the Texas Education Agency staff representatives check complaints of discrimination made by a citizen or citizens residing in a school district where it is alleged discriminatory practices have occurred or are occurring.

Where a violation of Title VI of the Civil Rights Act is found, the findings are reported to the Office for Civil Rights, Department of Health, Education and Welfare.

If there is a direct violation of the Court Order in Civil Action No. 5281 that cannot be cleared through negotiation, the sanctions required by the Court Order are applied.

TITLE VII, CIVIL RIGHTS ACT OF 1964: EXECUTIVE ORDERS 11246 and 11375; TITLE IX 1973 EDUCATION AMENDMENTS: REHABILITATION ACT OF 1973 AS AMENDED; 1974 AMENDMENTS TO THE WAGE-HOUR LAW EXPANDING THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967; VIETNAM ERA VETERANS READJUSTMENT ASSISTANCE ACT OF 1972 AS AMENDED IN 1974.

It is the policy of the Texas Education Agency to comply fully with the nondiscrimination provisions of all federal and state laws and regulation by assuring that no person shall be excluded from consideration for recruitment, selection, appointment, training, promotion, retention, or any other personnel action, or be denied any benefits or participation in any programs of activities which it operates on the grounds of race, religion, color, national origin, sex, handicap, age, or veteran status (except where age, sex, or handicap constitute a bona fide occupational qualification necessary to proper and efficient administration). The Texas Education Agency makes positive efforts to employ and advance in employment all protected groups.

Convenience Store Operations

ICE CUBE
COLA

Answer Book

Convenience Store Operations

Answer Book

By

Robert R. Luter

Published by

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Preface

This is designed as self-paced, individualized instruction for those who are currently working in a convenience store, or for those who want to learn about convenience store marketing and operations. Like other publications of this nature, it is competency-based. The essential elements or competencies needed to enter employment and advance to supervisory and management positions have been listed as a guideline for learning. These essential elements have been defined by leading convenience store firms as well as the Education Committee of the National Association of Convenience Stores.

Self-paced individualized instruction follows a pattern to make learning easier and comprehensive. Units are arranged in a logical order of information—from an introduction to the type of marketing through the successive stages of duties and responsibilities required. Each unit has specific objectives to be mastered, followed by unique marketing terminology and definitions. The narrative gives the essential content information, followed by study questions keyed to the objectives and a project that requires application of the competencies to the actual work station or place of employment.

While the basic design is for individualized instruction, it may also be used for group instruction. It may be used to supplement company training programs in a wide variety of settings and applications. The accompanying answer book gives the answers to all study questions and the few merchandising problems presented in one unit.

Every effort has been made to produce a publication that addresses the unique needs of our current student population. Students with limited English proficiency (LEP) as well as handicapped, educationally disadvantaged, and nontraditional students may require modification of the material in this publication. The professional staff of EIMC will gladly work with any instructor having these students to show how the instructional material can be adapted for specific individualized instruction. Consult local, state, and federal agencies that offer assistance and guidance and that can provide sound recommendations for productive classroom management.

Robert R. Luter
Curriculum Specialist

Acknowledgments

A publication of this type must be based upon factual information that reflects the real world of convenience store marketing. There is no theory here. While individual companies and stores will vary their products and methods, the essential elements remain the same. The largest portion of facts and merchandising information was provided by the Reference Center Library of the National Association of Convenience Stores. We are indebted to this association and the generous and cooperative spirit of Richard J. Levin, CAE, Director of Education for NACS.

On-site visits to stores were provided through the cooperation of F. L. Stephens, President, Town & Country Food Stores, San Angelo, Texas; and Peter Cohen, District Manager, The Southland Corporation, Austin, Texas.

Validation of technical accuracy of the contents was provided by:

- Richard J. Levin, Director of Education, National Association of Convenience Stores, Falls Church, Virginia
- F. L. Stephens, President, Town & Country Food Stores, Inc., San Angelo, Texas
- Peter Cohen, District Manager, Southland Corporation, Austin, Texas
- Jim Yates, President, E-Z Mart Stores, Inc., Texarkana, Texas

This Center is grateful for the enthusiasm and dedication of each of these persons for their time, effort, and generosity in support of this project.

Essential Competencies

The purpose of this and all similar instruction is to help you master the essential competencies of entry-level employment in a convenience store. To be competent means that you have the necessary **knowledge**, **skills,** and desirable **attitudes** that each task requires. Listed below are the essential competencies by category. Most are found in this publication; the remainder are found in your core curriculum studies and on-the-job training.

Basic and Social Skills

- Use verbal communication with customers, supervisors, and fellow workers.
- Use proper grammar, and know the definitions and meanings of common trade terminology.
- Use the telephone in a businesslike manner and in accordance with company policy.
- Greet customers in a pleasant and enthusiastic manner.
- Learn customer names quickly, and use them when talking with customers in the store.
- Listen to and follow instructions from your supervisor and/or manager.
- Read all publications given to you by supervisors; read those trade publications made available to you for information.
- Keep confidential company information to yourself.
- Use the proper method in making suggestions to management for improvement in store operation.
- Use good customer relations in dealing with all store customers and vendors.
- Use responsible behavior in your association with customers, supervisors, and fellow workers.
- Maintain personal appearance, hygiene, and grooming standards that are in keeping with store and community standards.
- Practice honesty and integrity in all relations and actions with customers, supervisors, and fellow workers.
- Demonstrate initiative in performance of all work chores and assigned duties.
- Interpret company policies to customers in such a way that they are informed rather than angered.
- Follow company policies in all matters of handling money, issuing credit vouchers, keeping records, and recording data.
- Use the appropriate mathematics in performance of duties and responsibilities.
- Use recommended cashiering techniques in all cash, check, and credit transactions.
- Use accurate arithmetic in making stock counts, reordering of merchandise, and taking of inventory.

Merchandising Skills

- Maintain shelves, counters, and cold cases at their maximum level of merchandise.
- Rotate stock at each refill so that oldest stock on hand is moved out first.
- Clean shelves and merchandise constantly so that the stock has a fresh, clean appearance.

- Make periodic stock counts on basic reorder form that assures maximum stock on hand.
- Use judgment in reordering so that there is no overstock of items.
- Make certain that each item in stock has only its assigned number of shelf-facings.
- Demonstrate skill in calculating stockturns and the relationship of stock turnover to profits.
- Demonstrate skill in calculating space contribution that each item makes to determine its profitability.
- Maintain good vendor relations with the store-delivered suppliers of merchandise.
- Show judgment in vendor relations so that there is no opportunity for dishonesty or falsifying of records.
- Assure that all merchandise delivered by vendors is accurate in count and price.
- Assure that vendors follow recommended store rules on delivery and stocking of merchandise.
- Assure that all outdated merchandise is picked up for credit or exchange.
- Maintain all vendor relations on a high degree of business integrity.

Selling Skills

- Demonstrate knowledge of customer relations by practicing them during the workday.
- Greet each customer as he or she enters the store, or approaches the checkout stand.
- Use customers' names each time they enter the store.
- Demonstrate skill in learning customers' names.
- Demonstrate knowledge of the importance of giving fast, accurate, and dependable service to each customer in the store.
- Make appropriate suggestions of additional merchandise or services to increase the original sale.
- Demonstrate proficiency in handling service transactions such as selling money orders, accepting utility payments, or making credit card sales.
- Demonstrate proficiency in handling food stamp purchases and giving change or credit vouchers in accordance with federal regulations.
- Demonstrate proficiency in handling coupons, rebate checks, and similar credit transactions.

Physical Distribution Skills

- Demonstrate skill in receiving and checking an incoming order.
- Show proficiency in filing an over, short, or damaged goods claim.
- Follow store rules on recording damaged items from stock for salvage or trash.
- Show proficiency on proper methods of cutting cartons so that items inside remain undamaged.
- Show proficiency in cutting cartons so they may be used as tray packs when needed.
- Demonstrate knowledge in using price-making equipment so correct prices are affixed to items.
- Change prices in accordance with store rules.
- Make certain that all items on shelf have same prices.
- Know how to read cost codes and date codes on merchandise.
- Clean and dust all shelves, counters, gondolas, and cold cases.
- Demonstrate proficiency in gauging gasoline tanks and making reports on ledger sheets.

- Receive gasoline deliveries from vendor, following procedures required by store.
- Check pumps daily; take pump readings; record readings on ledgers.
- Maintain gasoline and pump island equipment as required by store.

Promotion Skills

- Maintain all price signs and promotional signs so that they are current.
- Hang signs and keep them straight, in their proper place, and clean and fresh-looking.
- Set up point-of-sale displays when and where needed.
- Maintain all displays with full stock and with the proper kinds of signs.
- Post newspaper or direct promotional ads so that all personnel can be advised of specials and special prices.
- Make sure that customers are advised of special promotions and of products or services being promoted.

Supervisory/Management Skills

- Inspect physical premises daily to ensure that all preventive devices and techniques are being used.
- Follow store's recommended procedures to prevent burglary, armed robbery, and shoplifting.
- Maintain close surveillance so that employee dishonesty is discouraged.
- Use store policy in making deposits of cash and checks so that register balance is kept at minimal levels.
- Make certain that employees trusted to make deposits at banks know the security measures to use.
- Train employees adequately and thoroughly in procedures to follow to ensure their own safety and the safety of customers in the event of armed robbery.
- Train employees adequately in handling shoplifting suspects.
- Demonstrate judgment in interviewing and selecting prospective employees.
- Demonstrate proficiency in screening and following through on applicants' personal and work-related histories.
- Show proficiency in training employees by giving instruction in accordance with accepted rules.
- Schedule employees by shifts so that proper coverage is maintained during peak traffic periods.
- Train employees in basic housekeeping, stockkeeping, cashiering, and merchandising duties.
- Oversee entire store operation so that all company rules and procedures are being followed.

Economic Concepts

- Demonstrate knowledge in the principles of private enterprise and how marketing provides Americans with a high standard of living.
- Demonstrate knowledge of the principle of risk-taking and profits.
- Demonstrate knowledge of the necessity of making a reasonable profit to maintain a business operation and jobs for employees.
- Demonstrate the knowledge of how inventory and sales are used to make a profit and give the owner a return on investment.
- Explain the place of entrepreneurship in American business.
- Relate the advantages and dangers involved in private business ownership and operation.

- Show knowledge of basic entrepreneurship by stating the types of information needed in order to make ownership decisions.
- Demonstrate basic knowledge of ownership by preparing a model profit-and-loss or operating statement.

Marketing Skills

- Show knowledge of convenience stores by telling what they sell and how they fulfill a marketing need.
- Demonstrate marketing knowledge by telling what kinds of needs customers find in a convenience store.
- Show understanding of basic marketing by telling what a market survey should show before opening a convenience store.
- Give a brief profile of convenience store customers by age, sex, income level, and reasons for shopping in a convenience store.
- Make a brief comparison of customer needs as served by a supermarket in contrast to a convenience store.

UNIT I

Today's Convenience Store

Questions

1. In a sentence, describe a convenience store.

   Basically, a convenience store is a small, self-service food store that sells a variety of small, most-wanted, most-needed food or food-related products.

2. In 1982 there were about 38,700 convenience stores operating in the United States. The average sale per customer amounted to only $2.25, and the average store sells only about $490,000 annually to 17,500 customers. The average store has about 2,400 square feet of selling space, and about half of the stores sell gasoline as an added convenience to motorists. The average shopper in a convenience store is a/an adult male, aged 25 to 34.

3. What advantages does a C-store have over a supermarket?

   In a supermarket, the customer is usually not known to employees and is seldom greeted until ready to check out. In a C-store, the customer is usually known by name and greeted upon entering the store. In a supermarket, parking is available, but in bad weather, the customer may have to walk a distance to get to the front entrance. In a C-store, parking is usually available next to the front entrance. In a supermarket, a trip to get one or two items means a long wait in the checkout lanes. In a C-store, checkout is fast with no waiting in lines. Supermarkets are not always open when needed; C-store are open long hours and on holidays. C-stores have snack foods, prepared foods, and beverages available so they double as fast food places, and customers can gas up their car, making one trip take care of several stops—something the supermarket does not offer.

4. Give five reason why customers like to shop in C-stores.

   (1) fast service
   (2) convenient location and hours of operation
   (3) most-wanted items always available
   (4) courtesy and friendliness of employees
   (5) ease of parking and exit

5. If a customer asked you why C-store prices are higher than those in supermarkets, what could you answer?

   C-stores' prices on individual items are only slightly higher than those in supermarkets. The reason is not because the customer is paying for convenience and late hours, but because the C-store does not have the volume of customers that a supermarket has. Neither is the C-store making large profits. In fact, the average net profit percentage for a C-store is only a little better than that of a supermarket.

6. Why is a C-store an ideal small business investment for an entrepreneur?

   For those who want to consider the C-store as a place for individual ownership, the investment is extremely reasonable. An average urban store can be opened for less than $500,000, and a rural store for less than $300,000.

7. How can C-stores meet changing customers' needs in a community?

   The unique thing about C-stores is that they are quick to change to meet customer wants and needs. Supermarkets are more conventional in operation, and it takes more time and expense for them to make major marketing changes. C-stores, on the other hand, because of their small size, smaller inventories, and flexible merchandising, can make changes almost overnight. Unprofitable lines can be easily replaced, and labor costs are much lower. Customers expect nearly all products and services in a C-store to be self-service.

Projects

1. Using the Yellow Pages section of your local telephone directory, count how many convenience stores are listed and how many different companies are represented. From your Chamber of Commerce census figures, show the population of the community, and then figure how many customers per store unit there are.

2. Describe the C-store where you work. How does it differ from the average one described in the text? Of the product lines and services listed, how many of these are found in your store? Is your store part of a corporate chain? If so, how many other units are in your local community? Show the average figures to your owner or manager. Ask how your local store unit measures up to those averages.

UNIT 2

Regular Duties and Responsibilities of Workers

Questions

1. Why is absolute cleanliness a necessity in a C-store?

   A C-store is basically a food store. The presence of food demands cleanliness. People will not shop in a cluttered, dirty, messy store. This means that each shift of workers must give full-time attention to cleaning the store inside and outside, including stock and equipment, as well as the building and grounds.

2. What causes the accumulation of trash or litter outside the C-store?

   Because of constant in-and-out customer traffic and people's carelessness, a lot of paper, wrappers, and food and beverage trays and cups wind up on the drive and parking areas in front of the C-store. Much of it never gets inside the trash and litter receptacles placed outside for that purpose. Also, on windy days, a lot of trash blows in from surrounding areas.

3. Why do the fast food, coffee and beverage bar, and prepared food area demand constant cleaning and maintenance?

   People are usually messy with food and beverage service. Spills occur, and empty cups and trays, paper and wrappers, plastic utensils, napkins, and other items accumulate or never get put inside the trash receptacles. Also, the microwave oven gets spatters and spills inside, the coffee pots need cleaning, and the drink mixing machines need constant attention to keep everything clean and shining so that it looks inviting to the customer.

4. For what reason do signs and displays need particular attention?

   Signs must be fresh, hanging straight, and current. They should never prevent the customer from seeing inside, nor should they be hanging at all angles, or be dirty, sun-faded, or streaked. For in-store promotions, all signs should support the promotional theme. If prices or promotions are no longer valid, the signs should be removed.

5. Why do magazine and periodical racks need constant attention?

   Magazine and periodical racks are convenient places for people to throw away paper, trash, and litter. Check this area often during the day, remove trash, and straighten the magazines to make them look fresh, clean, and salable.

6. What is the procedure for taking daily pump readings?

   Gasoline pumps and storage tanks require at least daily checking and recording. In some places with high business activity, readings may be taken more than once a day. Pump readings are normally taken at the opening and closing of each business day. Pumps are numbered, and each pump has a ledger sheet. Where the store stays open 24 hours, each shift should take a reading of each pump. Be sure to read the dials carefully, and avoid transposing digits. It is best to have someone else double-check your figures.

7. What is the procedure for gauging gasoline storage tanks and receiving deliveries from the distributor?

   Gauge and record storage tanks at least once daily. It is usually best to take tank readings at the same time you record pump readings. Insert the stick into the tank until it touches the bottom, and withdraw it quickly. Read the stick to the nearest ¼ inch. Use water-finding paste to measure water in the tank. Two inches of water is normal. More than that should be pumped from the tank. Gauge tanks, and gauge the delivery truck tanks before allowing gasoline to be put in the tanks. Check delivery figures to make sure they agree.

8. What safety rules should be observed around the pump island?

   - Always observe the "No Smoking" sign.
   - Keep pump hoses in place and off the driveway.
   - Keep water and air hoses in place.
   - Have adequate lighting over the pump islands at night.
   - Know the location of the emergency cutoff switch for all pumps.
   - Report damaged and inoperable equipment immediately.

9. What sanitation procedures should be observed for all rest rooms?

   - All rest rooms must be kept in a clean and sanitary condition.
   - Any toilet must have a lavatory, and all employees must be instructed to wash their hands before going back on the selling floor.
   - Employees may never eat or drink in a rest room.
   - No food products or beverages may ever be stored in a rest room.

Project

Prepare this project in the form of a report, and attach it to this unit for evaluation.

1. Describe the specific dress and grooming regulations for employees where you work.

2. After reviewing the list of basic in-store duties that relate to grocery stockkeeping, prepare a similar list that your store requires of all beginning employees.

3. Go over the duties discussed in this unit, and list any that you have that are not included. Of all the duties you have, which ones do you think are the most important? Which ones require the greatest amount of skill and personal judgment? Did you receive adequate training for your job before you started to work? If not, what would you recommend to your manager that would be different and more effective for new employees?

UNIT 3

Selling and Customer Relations

Questions

1. Why are courtesy and friendliness essential in a C-store?

   Courteous, friendly service is one of the main reasons customers shop in a C-store. In supermarkets, the customer is seldom greeted until he or she gets to the checkout stand. The customer is seldom known by name. In the smaller C-store, it is easier for the employee to recognize customers when they enter the store, and to learn their names and use them.

2. What is needed by the employee to learn and use customers' names?

   To learn customers' names and call them by name requires the employee (1) to have the desire to make that store better than any other, (2) to concentrate on learning names and remembering them, and (3) to have the dedication to make that store a friendly, personal place in which to shop.

3. Name at least one way you can learn a customer's name when it is not known.

   For a cash customer, you can introduce yourself and ask the customer's name. For a customer who gives a check or credit card, the person's name is printed on the check or invoice.

4. What can you do to recall a customer's name so you will remember the individual?

   Use a note pad and keep it by the register or checkout stand. Jot down the name and two or three brief facts about the individual to jog your memory when you see that person again.

5. Define **suggestion selling.**

   Suggestion selling is increasing the sale by suggesting or calling attention to a product or service that the customer may not have seen or know about.

6. Explain why suggestion selling varies from customer to customer.

   Not every customer is interested in or needs the same thing. By knowing your customers, their needs, and their shopping habits, you will be able to suggest or call attention to those products or services that you think would be of interest.

7. Why is suggestion selling so important to you and the company?

   Even at today's prices, the average sale in a C-store is only about $2.00. It takes a large number of those sales each day just to pay the operating expenses. With very little additional time or effort, you can help increase each sale and not increase operating expenses. Even if the increase is small, it will add a lot to net profit. Your salary, your future, and your career are tied directly to the amount of net profit you can help generate for the store.

Project

In each of the following examples, a customer is described. Using the store where you are employed, its products, and its services, tell what would be an appropriate suggestion for increasing the sale. There are no right or wrong answers, but your suggestions should be appropriate for each case, and you should be able to tell why you made that suggestion.

- Male, age 25, in work clothing, who has just purchased a package of cigarettes and a bottle of soft drink from the cold case.
- Female, age 35, in casual clothing, who has just purchased canned soup, a box of crackers, and a six-pack of beverage.
- Male, age 50, in a business suit, who has just filled his car with gasoline.
- Female, age 25, with an infant and young child, who has just purchased baby food, diaper pins, and a small plastic toy.
- Two male teenagers, age 16, from nearby high school, who have just purchased fried chicken and soft drinks.

UNIT 4

A Profile of Convenience Store Customers

Questions

1. Why should you study your customers and their buying habits?

   Since the only reason a store is in business is to serve the needs of its customers, you must study your customers and their buying habits to find out their needs. Studying customers and their buying behavior is simple basic marketing, and it is just as important for the C-store as for the industrial plant, department store, or airline company.

2. Name the three categories of C-stores, and identify the markets that each serves.

   (1) **Family stores** are located in neighborhoods that serve mostly single-family dwellings. The family store usually caters to lower to lower-middle income adults, with two or more children in the home.
   (2) **Apartment stores** are located close to apartments, condominiums, motels, and other multiple-family places. Apartment stores serve mostly women and children, middle income, and smaller households with other adults.
   (3) **Highway stores** are located on major traffic arteries, highways, or resort areas where most of the customers are transients or people who do not live in the immediate area. Highway stores mostly serve younger males, aged 18-34, renters rather than home owners, singles, and craft/trades workers, with a high school education.

3. Of what importance is the distance from the C-store to its market?

   Convenience means easy to get to, easy in-and-out service, close by, parking near front entrance, so location and distance are important to a C-store's market. The largest majority of customers travel less than half a mile from home to store. Yet many customers live more than three miles from the store, so distance is not always the most important factor. Children will travel the least distance, women the next least amount, and men will travel the greatest.

4. Compare the three major income groups' expenditures in the C-store.

   Low to low-middle income groups are the largest segment of C-store shoppers nationwide. In some locations, middle to high-middle incomes may predominate, particularly in resort areas. Surprisingly the lower-income groups generally spend more dollars per purchase than any other group. Men tend to outspend women. Singles outspend couples and couples with children. Children are big spenders on certain items. Families in the low-income range spend about 43 percent for food, but only 10 percent of that amount is spent in the C-store. Medium-income groups spend about 20 percent of the budget on food, but 11 percent of that in C-stores. High-middle income groups spend 12 percent of the budget for food, and about 10 percent of that in C-stores.

5. Briefly explain how some major products help sell other products in a C-store.

Snack foods sell soft drinks and baked goods. Baked goods sell milk. Soft drinks sell sandwiches, baked goods, and snack foods. Any one of these purchases "suggests" additional or related items that naturally go together. Few shoppers enter a store with a fixed dollar expenditure in mind. The reason for the stop is to get one or two items, but the person is mentally open to other purchases. The store's stock should suggest other purchases and needs.

Project

Prepare a customer profile report on the store where you work. The report should include the following information, which can be verified by your manager or assistant manager.

1. What type of store is it—family, apartment, or highway?
2. What is the general makeup of its market—singles, couples, couples with children, professional workers, craft/trade workers.
3. What distance do most of the customers drive from their home to your store?
4. What are five leading products sold by your store (using the list given in the text)?
5. What products are merchandised close to each of the five leading items?
6. What items or services does your store have that were selected to serve the needs of your market? (Requires answer from manager or owner.)
7. What factors were mainly considered in selecting the location of the store? (Requires answer from manager or owner.)

UNIT 5

The Checkout Operation: Cash Transactions

Questions

1. What are the first three things you do when the customer approaches the checkout stand?

   The first three things you do are to (1) give the customer a sincere, friendly greeting, (2) ask if everything was found that the customer wanted, and (3) make appropriate suggestions or call the customer's attention to products or services that may have been overlooked.

2. When you are ready to check out a customer's order, what is the first thing you do to the items?

   Separate the taxable and nontaxable items. Check the taxable items first, subtotal, and add the appropriate tax.

3. What should you do if you make an incorrect entry on the register when checking a purchase?

   Correct a mistake immediately, and call it to the customer's attention. Show the customer on the register slip where you corrected the error.

4. Where should you place the money the customer gives you in payment?

   You should place the money on the money slab immediately above the change drawer and in sight of the customer.

5. How do you process the odd-cent transaction when the customer gives you pennies so that larger coins are returned?

   Begin by stating the exact amount of the purchase and the exact amount of money given. When counting change, mentally deduct the odd cents and count out even change. Restate the amount of purchase and money given, and tell the customer the amount of change due. If you try to count the change by beginning with odd cents and ending with odd cents, you will confuse both yourself and the customer.

6. Where do you place the register receipt when the transaction is completed?

   The receipt should always be placed in the bag with the purchase.

7. How do you avoid a dispute with a customer over the amount of money given?

   By leaving the money given on the money slab above the change drawer, and in full view of the customer, until the transaction is completed.

8. How should items be bagged?

   Form a solid base with heavy items, and place fragile or soft things on top, such as bagged chips, eggs, baked good, bread, soft goods, or paper supplies. Usually, larger bulky items should not be bagged.

9. What are the three important things to check on a coupon?

   (1) the expiration date; (2) the product, brand name, and size; and (3) the exact amount of reduction

10. What items cannot be purchased with food stamps?

    Food stamps may not be used to purchase alcohol (wine and beer), soft drinks, cigarettes or tobacco, pet foods, candy and gum, snack foods, or any nonfood item. Prepared foods and beverages are usually considered as snack foods and may not be bought with food stamps.

11. How may change be given on food stamp purchases?

    Change can only be given on the unused part of a coupon—up to a maximum of 99 cents. Any additional amount must have a credit voucher written, stating the amount and the words, "redeemable for eligible foods."

Project

Describe the register checkout procedure in the store where you work. What type of register equipment do you use? If your store has a different set of checkout procedures than those stated in the text, describe your procedures. What specific instructions does your store have on bagging customer orders? What rules do you follow if a customer insists that more money was given than you believe? What rules do you have for carrying or assisting a customer with carrying an order to the car? Write this as a report, and attach to this unit.

UNIT 6

The Checkout Operation: Cashing Checks

Questions

1. Why is check cashing a serious cashiering function?

   A check is a legal instrument that directs a particular bank to transfer money from one account to another. If a person writes out a check for fifty dollars, it is the same as a fifty-dollar bill in terms of value and money. Check cashing is thus a serious cashiering function, one that requires you to follow store rules and to use good judgment.

2. Where do losses on checks come from?

   Losses come from (1) overdrawn accounts, (2) accounts closed out, and (3) worthless checks written with the intent to defraud.

3. What are the standard precautions in cashing a payroll check drawn on a firm?

   A payroll check should not be accepted unless it is drawn on a local firm that is well known in the community, and drawn on a local or area bank. There is normally a maximum amount your store will allow you to cash. The best assurance is for you to know the individual and the firm on which the check is drawn.

4. What are the standard guidelines for cashing a personal check?

   Most stores require (1) proper identification, (2) check drawn on a local bank only, (3) person lives in the neighborhood, and (4) check amount for purchase price only.

5. Why do most stores refuse to cash a two-party check?

   A two-party check is usually a personal check drawn on one individual's account and made out to another person. While the person to whom the check is made may have proper identification, you have no way of knowing the validity of the other person's account. When a check is made out to two people, it requires two endorsement signatures, and it is best to refuse these since you do not know if the second person actually signed or not.

6. What precautions are to be observed in cashing government checks?

   A government check is good. What you must do is to make sure the person who cashed it is the right person. Require proper identification from the individual.

7. A traveler's check has what built-in security device?

   A traveler's check has a signature line at the top where the individual signs at the time the check is purchased. When it is cashed, the person must sign it again in your presence. Then you simply compare the two signatures to make sure they are identical.

8. List the eight key points to look for when cashing a personal check.

(1) Check must have individual or firm name and address printed at top, and bank name and address.
(2) Each check must have a number. Normally, the higher the number, the longer the person has had the account and, therefore, the more secure it is.
(3) The check must have the current date. A dated check is only good for 30 days; never accept a postdated check.
(4) Your store's name should be written legibly.
(5) The numerical amount must be written legibly.
(6) The written amount must be written legibly.
(7) The signature must be legible and must be the same as the name printed at the top of the check.
(8) The person must give positive identification.

9. What are the standard procedures for verifying the identification and validity of the account on a check?

Proper identification is that which bears a picture (photo), a name and address, and a signature. Compare the signatures, and look at the photo. If the addresses are different, then ask for other identification, such as bank credit cards or department store cards. Ask for a telephone number. Finally, most firms use a check verification register. Look in it to see if that account number or person has been listed for previous bad checks.

Project

What are the specific rules your store has for cashing checks? What identification is required? What is the maximum amount you are permitted to cash? If you accept either gasoline credit cards or bank credit cards, list the procedures you must follow for verification. How do you handle bottle returns in your store? How are they registered, and what kind of credit voucher do you issue for returned bottles? Does your store accept utility company payments? If so, what procedures must you follow in accepting payment? Prepare this as a written report, and attach to this unit.

UNIT 7

Personal and Store Security

Questions

1. Name five things that a burglar looks for when "casing" a particular store.

   (1) a safe, cash register, and large sums of money
   (2) all kinds of small equipment that can be quickly disposed of for cash
   (3) poor lighting inside and out
   (4) any window, door, or roof opening that may give easy access to the store interior
   (5) no evidence of any alarm system

2. What is the best preventive measure against a burglary?

   Plenty of light inside and out is the best deterrent. Burglars prefer to work in the dark.

3. Why is robbery far more serious than burglary?

   The loss of money is the same, but the added risk of serious injury (or even death) to customers and employees makes robbery a very serious matter.

4. What should you do to avoid injury during a robbery?

   A robber wants to do two things in addition to getting the money: get in and out quickly, and remain unidentified. Obey the robber's commands quickly and cooperatively, and do nothing to slow down his exit.

5. Name nine things that can be done to lessen the opportunity for robbery.

   (1) Remove money often during the day from the cash register; make several deposits; and vary the schedule, the persons, and the cars they use.
   (2) Never leave cash in open view; don't leave money bags on car seat while on the way to the bank.
   (3) Keep cash and checks separated.
   (4) If you must return to the store after closing time—for any reason—notify the police ahead of time.
   (5) Keep several "bait" bills in the register at all times, and record their serial numbers or mark them for easy identification.
   (6) Place several strips of varying lengths around the checkout stand and at the front entrance so employees can more accurately judge the robber's height.
   (7) Keep a silent alarm button near the register that can be set off by knee pressure or toe pressure.
   (8) Make yourself observe everything you can about the robber, and jot these down after the person leaves.
   (9) Have a camera mounted above the checkout register, even if it is not turned on.

6. Distinguish between **burglary, robbery, shoplifting,** and **theft.**

   Burglary is the taking of money, merchandise, or property from a store after breaking and entering.
   Robbery is the taking of money, merchandise, or property from a person by force or threat of physical violence.
   Shoplifting is the taking of merchandise from a store without paying for it, by a customer or nonemployee.
   Theft is the taking of money, merchandise, or property from the rightful owner.

7. Name eight things that can be done to help deter shoplifting in a C-store.

   (1) The best deterrent is for employees to be alert and observant all the time.
   (2) Pay particular attention to any person inside who acts suspiciously but seems to be watching others.
   (3) Keep small and easily stolen items up front near the checkout area.
   (4) Greet each person who enters. Recognition and awareness of those in the store actually discourage shoplifters.
   (5) When you observe a person you suspect may be shoplifting or thinking about it, approach and offer assistance.
   (6) Watch people who enter with sacks, parcels, large handbags, umbrellas, or coats over the arm where items may be hidden and not paid for.
   (7) Watch groups of youngsters who loiter inside the store but do not make purchases.
   (8) In high-risk stores, use two employees all the time—one observing from a vantage point while the other checks out purchases.

8. After having read the entire unit, explain what is meant by the statement that "prevention is the best deterrent against all types of losses."

   Responses will vary, but should emphasize that prevention of burglary, robbery, and shoplifting is best made by running a good store, having a lot of light, observing customers, being courteous and friendly, and taking all the recommended precautions. These things reduce the risk of burglary, shoplifting, and robbery because most of the incentives have been removed.

Project

List the rules and regulations your store has given you concerning your behavior and response during and immediately following a robbery. What devices, equipment, and special items have been installed in your store to deter robbery, burglary, and shoplifting? Prepare this as a written report, and attach to this unit.

UNIT 8

The Stockkeeping/Merchandising Function

Questions

1. What is the purpose of a basic grocery stock list?

   A basic grocery stock list serves as an inventory form, reorder form, and price list. It is useful in counting every item on the shelves and making sure that sufficient stock is on order and on hand all the time.

2. Why is overstocking a bad policy?

   Overstocking needlessly ties up working capital, and a C-store does not have room to store large quantities of reserve stock.

3. What is a **shelf-facing**?

   A shelf-facing is the number of items of any one product that actually face the customer. If a stack of goods on the shelf is four cans wide and three cans high, it has a shelf-facing of twelve units.

4. What is the recommended procedure for checking in an order from a vendor?

   When a delivery arrives, it must be checked in and inspected carefully. You never assume an order is correct. Each order has a delivery ticket and invoice. Check each carton to make sure it is exactly as ordered and specified on the invoice. It must be the same product, same size, same packaging, with no substitutions. Then each carton must be checked to make sure there is no damage either inside or outside.

5. What particular care must be taken when cartons are opened with a knife?

   Take care not to make the wrong cuts and not to cut too deeply. The contents can be easily damaged—especially boxed and cello-wrapped packages.

6. What is the recommended procedure for stocking shelves?

   (1) Remove existing items from shelf.
   (2) Clean the shelf space with a damp cloth and cleanser, if needed, or at least dust the space.
   (3) Put new stock in first so it is on the bottom and to the back.
   (4) Place old stock on the front and top rows so it will be sold first. Stock rotation is an absolute necessity.
   (5) Dust and wipe clean all old stock before putting it back on shelf. Replace any soiled or damaged goods. Retape or reglue loose labels.
   (6) Inspect all items for price labels that may be different. All price labels should be the same price.
   (7) Remove or mark out all old prices in the manner recommended by your store.

7. What is the difference between **salvage** and **trash**?

   Salvage refers to products or foods that are still edible or have some value. **Trash** is spoiled, inedible foods and all material that has no other value and should be thrown away or burned.

8. Define **merchandising,** as used in this unit.

   Merchandising as used in this unit is "the right item—in the right amount—in the right assortments and varieties—at the right price—at the right time—and at the right place so it will produce the maximum sales volume needed to give the desired profit."

9. How is merchandising learned?

   Merchandising is something you learn from experience and from working with products. You acquire a certain "feel" for it. It is based more on good judgment than on clearly written principles and techniques. You learn it by knowing your market, customer's buying habits and changing moods, and the movement of stock in the store.

10. What is the value of displays in merchandising?

    Displays are a tremendous asset in merchandising. Point-of-purchase displays do a great job of increasing sales. They must be at the right place and where customer traffic is heavy. They are good at the ends of aisles and in spaces where regular fixtures would be too crowded. Displays are good for introducing new products and creating special promotions like closeouts and end-of-season clearances.

11. What is the purpose of merchandising?

    The purpose of merchandising is to get maximum sales and profits for each square foot of usable floor space. Since C-stores have such limited floor space, the problem comes down to how many products will be stocked, how many units per product, and how fast they will sell.

12. Briefly summarize six guidelines to aid in making merchandising decisions.

    (1) Fewer products and fewer varieties can be stocked in a C-store than are expected in a supermarket. It should not be thought of as a miniature supermarket competing with their product lines.
    (2) Grocery items in a C-store usually have a slower turnover rate than nonfood products.
    (3) Shelf-facings in a C-store can be successfully reduced in number without altering sales volume.
    (4) Reducing shelf-facings and including more products per counter will help reduce inventory investment and improve profits.
    (5) Take fast-moving or "hot" items off the shelves and put them in the heavy traffic areas.
    (6) Put all products in the store within easy reach. Products that are too high or too bulky will not sell.

Project

Explain how products are received in your store. If you discover shortages, substitutions, or damages in a delivery, what procedure do you follow? How often is merchandise ordered in your store? Describe the order form you use. Describe the price-marking equipment used by your store. Describe the procedures your store uses in opening cartons for restocking. Do you have any merchandising responsibilities in your store that follow those described in the text? If so, explain exactly what you do and what decisions you can make. Prepare this in the form of a written report. Attach forms if they are available. Fill in some of the forms as you do at the store.

UNIT 9

Vendor-Supplied Stockkeeping/Merchandising

Questions

1. What services do vendors give to a convenience store?

    (1) They deliver the merchandise to the store, which saves the company transportation charges.
    (2) They often do their own stockkeeping, which saves valuable employee time and labor costs, allowing employees to serve customers and perform other chores.
    (3) They rotate stock and make their own merchandise attractive.
    (4) Many vendors have "sales guarantees" on perishable goods.
    (5) Many vendors supply free and professionally made POP displays, banners, signs, and similar merchandising aids.

2. What obligations does the store employee have to the vendor?

    The store employee is obligated to—
    (1) give prompt attention to vendor deliveries by checking the order quickly so the vendor can stay on schedule;
    (2) give courteous and friendly service;
    (3) use vendor-supplied merchandising aids only for that product line;
    (4) not make the vendor have to wait for prompt processing of the invoice; and
    (5) give the vendor a schedule of best days and time of day to deliver.

3. Summarize the vendor's obligations to the convenience store.

    A vendor should call only on schedule, except when unavoidably delayed. The vendor should not take up prime parking space, but park the vehicle to the side. Deliveries should be made only through the front door. No stock should be put on counters or shelves until properly checked by a store employee. All stock should be rotated, and outdated goods removed for credit or free replacement. Vendors should not expect an employee to check an incoming delivery while customers need checking out with their purchases. Vendors should take only the allotted space assigned. They should not introduce new products or lines without prior approval of management.

4. How can relations with vendors be kept honest?

    Follow good business procedures, and take away any opportunity for dishonesty. Never allow the vendor to stock the shelves until the order has been checked and counted. Count items in a carton, and look for substitutions and out-of-date goods. Check all copies of the invoice to make sure that counts and prices are the same on all copies. Inspect empty cartons going out to make sure no other merchandise is going out with them. Don't accept small favors from a vendor. Don't let a vendor talk you into signing for merchandise not delivered, or any other method of shortchanging the store. Inspect, check, count, and be businesslike in your dealings.

5. After reading the section on vendor-supplied merchandising services, summarize the most valuable ones provided to the C-store.

   (1) Free delivery of goods on a schedule
   (2) Self-stocking, rotation, and removal of outdated items
   (3) Regular pickups and credits on bottle returns and damaged or outdated items
   (4) Free merchandising aids and POP display units, racks, signs, and banners
   (5) Promotional planning and cooperative advertising allowances
   (6) Information on market trends, new product lines, major price changes

Project

After consulting with your store manager or owner, list the products and merchandise lines that are vendor-supplied. What relationship and agreements does your management have with vendors? What are your obligations and relationship with the vendor who calls on your store? What specific obligations do vendors have with your store? What problems does management have most often with vendors? How can you help keep vendor relations efficient for your store? Write this as a report, and attach to this unit.

UNIT 10

Assisting with Inventory Control

Questions

1. How does a business owner earn money on an investment in a convenience store?

   A convenience store owner does the same thing as a person who invests money in a bank to let it earn interest and grow in value. Only instead of investing money in a bank to earn interest, the owner invests money in a stock of merchandise. By selling that stock over and over again, the small amount of profit earned repays the owner for the use of the money.

2. Use a dictionary, if needed, to define **profit** as a noun, and **profiteer** as a noun.

   Webster's New Collegiate Dictionary defines **profit** as "(1) the excess of returns over expenditure in a transaction or series of transactions; (2) the excess of the selling price of goods over their cost; (3) net income, usually for a given period of time; (4) the compensation accruing to entrepreneurs for the assumption of risk in business enterprise." Any of these are acceptable, but the fourth one is the preferred definition in marketing. **Profiteer** is defined as "one who makes what is considered an unreasonable profit, especially on the sale of essential goods during times of emergency."

3. What is the net result of inventory sitting on the shelf and not selling at expected rates?

   Inventory sitting on the shelf is just like money buried in a can. It is "dead" money. To be profitable, a C-store must have a limited inventory, a good turnover of all items, and each item selling at a rate that justifies its space on the shelf or counter.

4. Why should you, as an employee, be concerned with inventory control and profits?

   You may be thinking that inventory is the owner's problem. It is your problem, too. The only way you can have a job and make a salary is for the owner to be selling the inventory. Your future with the company, including advancement, is tied directly to how well the owner does in selling that inventory.

5. What is the relationship between inventory control and profits?

   The owner has limited space from which to sell. The products selected must sell fast enough to produce an adequate return on the investment. That is what inventory control is all about and what you must understand about the business operation. Nothing else matters if good merchandising and inventory control are not being used.

6. Define **stock turnover.**

Stock turnover measures the speed and efficiency at which items are coming into the store and are being sold, or converted to cash. Turnover is the number of times items are purchased, sold, and purchased again during a given period of time.

7. What formula is used to determine number of stockturns?

During any given period of time, a number of inventories of stock are taken to determine what is on hand. During the same period, the net sales are totaled. By dividing the net sales figure by the average inventory figure (at retail price), you find the number of stockturns during that period.

8. How can stockturns be improved?

Stockturns can only be improved by two methods: (1) increase sales or (2) reduce the average inventory on hand while maintaining sales. Obviously, the best solution is to both increase sales and decrease average inventory.

9. Why do different items in the store have different turnover rates?

Fast-selling items that have seasonal or freshness control will sell much faster and be replaced more often—for example, soft drinks, milk, bread, tobacco, and fast foods. Canned and boxed dry groceries and soft goods will have a slower turnover rate. Average inventory measures all items together—not just individual items.

10. What is the average net profit made by a convenience store during any given period?

The average net profit is only 2 to 3 percent—or no more than 3¢ on each sales dollar.

11. How does a store owner calculate space contribution of each item?

The store owner only has so much space from which to sell the inventory. To see how much each item should contribute, the owner must calculate all the costs of doing business and divide that by the actual number of square feet of selling space. This becomes the minimum contribution figure per square foot of space that each item must make.

12. What is your responsibility as an employee toward inventory control?

Nearly all of the stockkeeping, ordering, receiving, and merchandising duties fit in with inventory control. If you work with the store's stock every day, you become familiar with items and how well they are selling. You can easily note when sales dramatically increase or decrease on any item. Your job is to make sure that management or the owner is aware of noticeable changes in sales or popularity of particular goods. You also know what customers ask for that you do not carry. You may be asked to survey competitors to see what products and prices they have. Good inventory control begins with good stockkeeping and ordering habits. You must maintain an even balance so that no item is either overstocked or understocked.

Project

Solve the following problems, using the formulas and example cited in the text:

1. During the period from July 1 to September 30, you find the following figures. Calculate average inventory and stockturns for the period.

Month	EOM Inventory	Net Sales	
6/30	$26,500	$28,600	Total Inventory
7/31	25,900	$27,400	$________________
8/31	28,400	$30,100	Total Sales
9/30	29,600	$29,200	$________________

Average inventory for the period $ ________________

Stockturns for the period ____________________

Assume the net profit rate is planned to be 3.2%. The dollar net profit for this same period would be $ ______________.

2. A C-store measures 60 feet by 40 feet. The total amount of actual selling space is 42%. The total occupancy cost for a year is figured to be $15,624.

   a. What is the square footage of actual selling space? __________________
   b. What is the cost per square foot of selling space? $ __________________
   c. Assume you have an item with a 30% markon. The selling price per unit is 79¢. Your normal selling rate is 210 units/year. This item has 12 shelf-facings and occupies 2.25 square feet of selling space. Can you afford to keep this item in your inventory at this retail price and selling at this rate? __________ (yes or no). Explain your answer below:

Answers to Project:

1. Total inventory for period is $110,400.
   Total sales for period is $115,300.
   Average inventory for period is $ 27,600 ($110,400 ÷ 4).
   Stockturns for period are 4.18.

   Net profit is $3,689.60.

2. a. 60 feet x 40 feet = 2,400 square feet of space, and 2,400 square feet x 42% = 1,008 square feet of selling space.
   b. $15,624 occupancy cost ÷ 1,008 square feet = $15.50 per sq. ft.
   c. Item: 79¢ unit selling price x 30% markon = 23.7¢ unit markon. And 0.237 x 210 units = $49.77 total markon contribution. Item occupies 2.25 square feet x $15.50 per sq. ft. cost = $34.88 occupancy cost. Item contributes $49.77, which is above the minimum cost contribution. So, it is selling well enough to justify keeping it in stock.

UNIT II

Moving Toward Supervisory/Management Duties

Questions

1. What quality is a necessary prerequisite for both supervision and management?

   maturity in judgment

2. What qualities do you look for in selecting employees for a C-store operation, large or small?

   You look for intelligence, good appearance, pleasing personality, a desire to learn, interest, enthusiasm, and honesty.

3. Why do many older people make good employee prospects?

   Older people often have experience, common sense, and good judgment, which are valuable assets to the store.

4. What appearance factors should be considered when evaluating prospective employees?

   You should look for general cleanliness, good grooming, a tasteful haircut, and clean hands and fingernails because customers notice these same things.

5. Why is a pleasing personality so important?

   Customer relations are so vital that you cannot afford to hire someone who does not relate well to customers. You look for a person who smiles, is pleasant, and uses good grammar when speaking. You look for a person who is honest and trustworthy.

6. What follow-up activities should be used to determine the worthiness of a prospective employee?

   Check on previous employment as soon as possible. Ask for a personal history of employment with company names, dates, and addresses.

7. What is the four-step training process?

   (1) Prepare the employee to receive instruction, including your own personal preparation.
   (2) Demonstrate and explain each step of the procedure or task that the employee is to learn.
   (3) Let the employee perform the task, and explain the necessary steps.
   (4) Evaluate the training and its effectiveness, and schedule follow-up training if needed.

8. Briefly explain the difference between the duties of a supervisor and those of a manager.

   Supervision in a C-store involves (1) scheduling employees, (2) assigning tasks, (3) assigning responsibilities, and (4) overseeing the operation to make sure it is meeting the planned objectives. Planning, budgeting, delegating authority, organizing, and staffing are management responsibilities. A supervisor oversees individual tasks in the operations of a store and is not concerned with the overall management functions of the store.

Projects

1. If an organization chart of your store organization is available, attach a copy to this assignment. If not available, construct one based on information supplied by your owner or manager. Show the major responsibilities of each function, and the chain of command from bottom to top in the company.

2. Do you have a direct supervisor over you? If yes, describe the relationship and what the supervisor does for you in your daily work routine.

UNIT 12

Owning and Operating a Convenience Store

Project

Assume that you have decided that you would like to own and operate a convenience store. You want to operate your store in your own community, and you have chosen a site outside the city limits on a major highway. You have investigated and found that you can buy the property, build the store, get the needed equipment, and begin operation for a total cost of $275,000. If you choose a site in town, you can count on a start-up of $400,000. Using either of these site locations, construct a business plan for your store that follows the seven parts outlined in the text. You will need some assistance. Do all that you can on your own, then consult your instructor. You may need to interview a convenience store owner and get some advice. You may want to review literature in a public library, obtain pamphlets from the Small Business Administration, or seek any source you want. This is a rather detailed and lengthy project, but the results will give you a good start toward thinking about private business ownership. Even if you never decide to be an entrepreneur, you will have greater insight into the risks involved and the costs, and an appreciation for the employment opportunity you have.